PAKISTAN
STOCK EXCHANGE
LIMITED

Rule Book

Of

Pakistan Stock Exchange Limited (PSX)

Updated on August 27, 2025

FOREWORD

As a strategic move in response to the corporatization and demutualization of stock exchanges in Pakistan, PSX initially published its Rulebook in 2014 by consolidating different sets of regulations into one consolidated document, at par with international standards and subsequently harmonized with and re-introduced under the Securities Act, 2015 and Futures Market Act, 2016.

PSX is committed to regularly updating and maintaining the PSX Regulations with an aim to enhance transparency & governance, promote ease of doing business and protect the rights of investors. It is momentous to mention that PSX has been at the forefront in adopting latest technology and bringing automation in its operations which not only facilitates swift operations internally, but also assists the regulated entities in ensuring regulatory compliances meticulously and cost-effectively. It also brings PSX at par with the developed stock exchanges around the globe.

Implementation of newly launched trading and surveillance systems is a prime example of PSX's commitment in developing the capital market of Pakistan. The new trading and surveillance systems have been launched with an objective to upgrade and enhance its technological capacity and functionality.

PSX has also taken initiatives on Environmental, Social and Governance (ESG) and recognizes the significance of promoting a sustainable ecosystem, enabling listed enterprises to raise capital on a credible platform. In this regard, PSX has issued PSX Primer on ESG for its listed companies and become part of the ESG Task Force which also includes Pakistan Institute of Corporate Governance, Securities and Exchange Commission of Pakistan and other stakeholders.

Moreover, PSX has also collaborated with London Stock Exchange Group (LSEG) in connecting them with listed companies to provide ESG data through LSEG's ESG Contribution Tool and also obtained membership in the UN SSE Initiative.

I would like to acknowledge the contribution made and cooperation extended by the Securities and Exchange Commission of Pakistan, the Board of Directors of PSX, the Regulatory Affairs Committee and the management team of PSX in achieving these milestones. PSX is ambitious and determined to introduce many more reform measures for the sustainable growth of Capital market of Pakistan.

Dr. Shamshad Akhtar
Chairperson, Board of Directors, PSX

FOREWORD

PSX traces its history back to 1949, and is one of the oldest markets in Asia. Over the years it has provided excellent investment opportunities and returns to long term investors. PSX aspires to be a world class exchange for Pakistan and has a robust and progressive regulatory framework in place.

In addition to the regulatory framework, which is in line with international best practices, PSX, and its associated capital markets organizations, have invested heavily in technology and operational capabilities. We are presently in the process of implementing a new, state of the art, trading and surveillance system. This will create a strong foundation for a fair, transparent and efficient marketplace, which will benefit investors, issuers and all other stakeholders.

It gives me immense pleasure to re-introduce the Rulebook as framed under the Securities Act, 2015 and Futures Market Act, 2016. This will help everyone connected with the capital markets to access the regulations with ease in one place. This exercise has also helped us to remove any redundant, contradictory and overlapping regulations. We hope that this will be of benefit to all stakeholders and make it easier to access the regulations.

I would like to congratulate and acknowledge the team work of the Regulatory Affairs Division, PSX management, Regulatory Affairs Committee, the guidance & supervision of the Board of directors of PSX, and the Securities and Exchange Commission of Pakistan in achieving this milestone.

Farrukh H. Khan
Managing Director & CEO, PSX

FOREWORD

A fair and transparent regulatory system plays a pivotal role in developing a liquid and efficient securities market.

The introduction of the consolidated PSX Rulebook pursuant to demutualization of stock exchanges of Pakistan in the year 2012 was a landmark achievement, which strategically transformed the regulatory role of PSX into a full-fledged front-line regulatory function divided into various sub-functions with an aim to ensure efficiency in achieving the overriding regulatory objectives of investor protection, transparency and market integrity.

PSX's regulatory function operates independently under reporting to the Regulatory Affairs Committee of the PSX Board of Directors. With changing regulatory landscape and business needs owing particularly to technological advancements, PSX has tremendously modernized its regulatory and compliance frameworks over time, while adequately ensuring to benchmark against international standards.

PSX adopts a transparent and consultative approach in framing its regulations or proposing amendments thereto by actively engaging with market participants and other stakeholders during regulatory change process to ensure that the needs of the regulations and businesses are balanced.

The Rulebook is divided into more than 20 dedicated chapters, which set out powers of PSX, broker eligibility criteria, trading rules, listing and post-listing reporting and disclosure obligations for companies, operations of products and markets, risk management in the context of Base Minimum Capital, surveillance, off-site monitoring and inspection mechanism, dispute handling & arbitration procedures, disciplinary actions against regulatory breaches, broker default handling procedures, centralized customer protection compensation fund etc. The division of Rulebook into chapters, written in a clear, concise and organized manner, facilitates interested parties in accessing useful information and forming better understanding of the governing regulations of PSX.

PSX is committed to maintaining high standards of regulations and foster an environment that promotes compliance culture, greater transparency and fairness in capital market operations with an ultimate goal to maintain investor confidence and trust for sustainable development of capital market of Pakistan.

Ajeet Kumar
Chief Regulatory Officer, PSX

ACKNOWLEDGEMENT

PSX acknowledges with deep appreciation the able guidance and valuable contribution of the following members of the Regulatory Affairs Committee (RAC) and Chief Regulatory Officer (CRO) of PSX in framing and continuously updating the Rule Book of PSX in light of changing market dynamics, applicable laws and international best practices:

List of members of RAC:

October, 2012 – December, 2015	
1.	Syed Muhammad Shabbar Zaidi, Chairman
2.	Mr. Kamal Afsar, Member
3.	Mr. Asif Qadir, Member
4.	Mr. Abdul Qadir Memon, Member
January, 2016 – May, 2018	
1.	Mr. Tawfiq A. Hussain, Chairman
2.	Mr. Moin M. Fudda, Member
3.	Mr. Muhammad Naeem, Member
4.	Ms. Rahat Kaunain Hassan, Member
May, 2018 – May, 2021	
1.	Mr. Moin M. Fudda, Chairman (Resigned as a director of PSX with effect from December 12, 2018)
2.	Mr. Sulaiman S. Mehdi, Chairman
3.	Ms. Naz Khan, Member (Resigned as a director of PSX with effect from July 07, 2020)
4.	Mr. Mohammad Salahuddin Manzoor, Member (Joined as a member of RAC with effect from September 26, 2019)
5.	Mr. Amjad Pervez, Member
May, 2021 – April, 2024	
1.	Dr. Shamshad Akhtar, Chairperson (May, 2021 – September, 2023)
2.	Mr. Javed Kureishi, Chairman (Joined as Chairman of RAC with effect from September 22, 2023)
3.	Mr. Nadeem Naqvi, Member
4.	Mr. Mohammad Salahuddin Manzoor, Member
June, 2024 – Date	
1.	Dr. Shamshad Akhtar, Chairperson
2.	Mr. Nadeem Naqvi, Member
3.	Mr. Adnan Asad, Member

List of CROs:

Sr. #	Name	Duration
1	Mr. Shafqat Ali	November, 2012 – February, 2017
2	Mr. Muhammad Abbas Mirza	February, 2017 – March, 2021 Muhammad Abbas Mirza, the General Manager and Chief Compliance Officer of PSX, also served in an additional capacity as an Acting CRO of PSX.
3	Mr. Ajeet Kumar	March, 2021 – Present

REGULATORY AMENDMENTS

1. Amendments approved by SECP which shall take effect from July 01, 2020 and sent for Gazette Notification:

a) Clause 5.19 has been amended.
b) Serial No. 30 of Appendix-1 of Chapter 5 has been amended.
c) Clause 5B.16 has been newly inserted in Chapter 5B.

2. Amendments approved by SECP which shall take effect from July 01, 2020 and sent for Gazette Notification:

a) Clause 5B.9 has been amended.
b) Clause 5C.11 has been amended.

3. Amendments approved by SECP on August 18, 2020 which shall take effect from the date of letter of approval i.e. August 18, 2020 and sent for Gazette Notification:

a) Clause 4.1 has been newly inserted and existing clause 4.1 has been re-numbered as 4.1A.
b) Provisos to clause 4.15.1 have been newly inserted.

4. Amendments approved by SECP on August 26, 2020 which shall take effect from the date of letter of approval i.e. August 26, 2020 and sent for Gazette Notification:

a) Clauses 19.3 and 19.4 have been amended.
b) Sub-clause 22.6.6 has been amended.

5. Amendments approved by SECP on September 02, 2020 which shall take effect from September 08, 2020 and sent for Gazette Notification:

a) Clause 5A.1.1 (m) has been amended.
b) Clause 5A.1.1 (r) has been deleted.
c) Clause 5A.8 has been amended.
d) Sub-clauses 5B.2.1 (i) and 5B.4.3 have been deleted.
e) Clause 5B.11 has been deleted.
f) Serial no. (xviii) and (xix) of Annexure-I of Chapter 5B have been deleted.
g) Sub-clause 5C.2.1 (v.a) has been newly inserted in Chapter 5C.
h) Sub-clause 5C.3 (i) has been deleted and sub-clauses 5C.3 (ii) - (vii) have been consequentially re-numbered as 5C.3 (i) - (vi).
i) Sub-clause 5C.4 (iii) has been deleted and sub-clauses 5C.4 (iv) - (xi) have been consequentially re-numbered as 5C.4 (iii) - (x).
j) Clause 5C.8 (xii) has been deleted.
k) Serial no. (xiii) of Annexure-I of Chapter 5C has been deleted.
l) Serial no. (22) of Annexure-II of Chapter 5C has been deleted.
m) Clauses 6.1 (k), (l) and (m) have been deleted.
n) Clause 6.3 has been amended.
o) Clauses 6.10, 6.11 and 6.16 have been deleted.
p) Schedule-I of Chapter 6 has been deleted.
q) Sub-clause 12.5.2 has been deleted.
r) Chapter 12A titled as “Market Makers Regulations for Listed Debt Securities including Government Debt Securities” has been newly inserted.

6. Amendments approved by SECP on September 04, 2020 which shall take effect from the date of letter of approval i.e. September 04, 2020 and sent for Gazette Notification:

Sub-clauses 5A.2 (h) and 5A.10 have been amended.

7. Amendments approved by SECP on December 03, 2020 which shall take effect from December 10, 2020 sent for Gazette Notification:

a) Clause 4.15 and Annexure I of Chapter 4 has been amended.
b) Sub-clause 5.7.1 (a) has been amended.
c) Sub-clause 20.16.6 has been amended.
d) Sub-clause 21.6.1 has been amended.

8. Amendments approved by SECP on December 08, 2020 which shall take effect from December 08, 2020 sent for Gazette Notification:

a) Entire Chapter 11 (Futures Trading in Provisionally Listed Companies) has been deleted and references pertaining to provisional listing in Chapter 2, 19 and 24 have also been deleted.
b) Sub-clauses 5.2 (b) and (h) have been amended.
c) Clauses 5.5.6 and 5B.6.3 have been amended.
d) Clauses 5A.10 and 5A.18 have been amended.

9. Amendments approved by SECP on January 11, 2021 which shall take effect from the date of letter of approval i.e. January 11, 2021 and sent for Gazette Notification:

Clause 5A.1.1 (a) has been amended.

10. Amendments approved by SECP on February 19, 2021 which shall take effect from the date of letter of approval i.e. February 19, 2021 and sent for Gazette Notification:

a) Clause 3.4.3 has been amended.
b) Clause 3.5.3 has been amended.
c) Clause 3.6 has been amended.
d) Clause 4.4.7 (g) has been amended.
e) Clause 4.5.7 has been amended.
f) Clause 4.6 has been amended.
g) Clause 5.11.5 has been amended.
h) Clause 5.17.4 has been amended.
i) Clause 5.19.3 has been amended.
j) Clause 5.21.6 and 5.21.7 have been amended.
k) Serial No. 30 of Appendix I to Chapter 5 has been amended.
l) Serial No. (xxv) of Annexure I to Chapter 5B has been amended.
m) Serial No. (xiv) of Annexure I to Chapter 5C has been amended.
n) Clause 8.3.1 and 8.3.3 have been amended.
o) Clause 8.14.2 has been amended.
p) Clause 8.17.6 has been amended.
q) Clause 8B.4.2 has been amended.
r) Clause 8B.4.3 has been amended.
s) Clause 8B.8.1 has been amended.
t) Clause 8B.20.6 has been amended.
u) Clause 14.2.10 has been amended.
v) Clause 18.1.1 and 18.1.2 have been amended.
w) Clause 18.4.6 has been amended.
x) Clause 18.6.1 and 18.6.3 have been amended.
y) Clause 20.4, 20.5 and 20.6 have been amended.
z) Clause 20.20 has been amended
aa) Clause 20.21.1 has been amended.

11. Amendments approved by SECP on March 31, 2021 which shall take effect from the date of letter of approval i.e. March 31, 2021 and sent for Gazette Notification:

a) Clause 5.6.6A. has been newly inserted.

12. Amendments approved by SECP on April 16, 2021 which shall take effect from the date of letter of approval i.e. April 16, 2021 and sent for Gazette Notification:

a) Schedule-I to Chapter 24 has been amended.

13. Amendments approved by SECP on May 21, 2021 which shall take effect from the date of letter of approval i.e. May 21, 2021 and sent for Gazette Notification:

a) Sub-clause 2.4 (lxxxi) has been deleted and 2.4 (xli.A) has been newly inserted.
b) Sub-clauses 13.1 (a) and (e) have been deleted.
c) Sub-clauses 13.2.2 and 13.2.4 have been amended.
d) Sub-clauses 13.3.1 and 13.3.2 have been amended
e) Sub-clause 13.4.6 has been deleted.
f) Annexure A to Chapter 13 of PSX Regulations has been amended.
g) Sub-clause 14.2.3 has been amended.
h) Clause 14.4 has been newly inserted.

14. New Chapter 5D titled as "Direct Listing Regulations" has been newly inserted which shall take effect from the date of letter of approval i.e. May 28, 2021 and sent for Gazette Notification. Additionally, following amendments have also been approved by SECP, which shall also take effect from May 28, 2021:

a) Clause 4.29 has been newly inserted.

b) Clause 19.3 has been amended.

15. Amendments approved by SECP on May 28, 2021 which shall take effect from the date of letter of approval i.e. May 28, 2021 and sent for Gazette Notification:

a) In Chapter 5A, terms 'Eligible Investor' and 'Eligible Investors', have been replaced with 'Accredited Investor' and 'Accredited Investors', respectively.
b) Sub-clause 5A.1.1 (d) has been amended.
c) Sub-clause 5A.2 (h) has been amended.

16. Amendments approved by SECP on June 22, 2021 which shall take effect from the date of letter of approval i.e. June 22, 2021 and sent for Gazette Notification:

a) Sub-clause 2.4 (lxxiv.A), (xv.A), (xcv.B) and (xcv.C) have been newly inserted.
b) Clause 3.14 and 3.15 have been newly inserted and existing clause 3.14 has been re-numbered as 3.16.
c) Sub-clause 4.4.2 has been amended.
d) Sub-clause 4.5.8 has been amended.
e) Sub-clause 4.5.9 has been amended.
f) Clause 4.9 has been amended.
g) Clause 4.11 has been amended.
h) Clause 4.17 has been amended.
i) Clause 4.22 has been amended.
j) Sub-clause 4.23.1 has been amended.
k) Sub-clause 4.23.2 has been newly inserted.
l) CRF for customers of Trading Only Securities Broker which shall maintain custody of securities with PCM or Trading and Clearing Securities Broker has been newly inserted in Annexure-I to Chapter 4.
m) Sub-clause 7.1.1 has been amended.
n) Sub-clauses 7.2.2 and 7.2.3 have been amended.
o) Clause 7.5 has been amended.
p) Clause 9.3 has been amended.
q) Schedule-I to Chapter 19 has been amended.
r) Clause 20.15A has been newly inserted.
s) Clause 20.16 has been amended.
t) Clause 20.21 has been amended.
u) Sub-clauses 21.2.1 and 21.2.2 have been amended.
v) Sub-clause 21.4.4 has been amended.
w) Sub-clause 21.6.1 has been amended.
x) Sub-clause 22.6.3 has been amended.
y) Clause 23.5 has been amended.

17. Amendments approved by SECP on August 6, 2021 which shall take effect from the date of letter of approval i.e. August 6, 2021 and sent for Gazette Notification:

a) Clause 4.15 has been amended.

18. Amendments approved by SECP on August 11, 2021 which shall take effect from the date of letter of approval i.e. August 11, 2021 and sent for Gazette Notification:

a) Clause 3.17 has been newly inserted.
b) Sub-clause 5.11.8 has been amended.
c) Sub-clause 5.16.1 has been amended.

19. Amendments approved by SECP on September 15, 2021 which shall take effect from the date of letter of approval i.e. September 15, 2021 and are being sent for Gazette Notification:

a) Sub-clause 5.1.1 has been amended.
b) Sub-clauses 5.4.1 and 5.4.4 have been amended.
c) Sub-clauses 5.5.1, 5.5.6, 5.5.7 and 5.5.8 have been amended.
d) Sub-clause 5.6.11 has been amended.
e) Sub-clauses 5.11.1 (b) has been amended.
f) Sub-clause 5.11.2 has been amended.
g) Sub-clauses 5.14.7, 5.15.2, 5.16.10 and 5.17.7 have been newly inserted.
h) Appendix I to Chapter 5 has been amended.

20. Amendments approved by SECP on November 03, 2021 which shall take effect from the date of letter of approval i.e. November 03, 2021 and sent for Gazette Notification:

a) Sub-clause 3.3.1 (g) has been amended.
b) Sub-clause 3.3.1 (h) has been newly inserted.

c) Clause 4.4.5 and 4.26 (c) has been amended.
d) Sub-clauses 5.5.9, 5.6.1 (a), 5.6.4, 5.7.1 (b), 5.11.2 (b), 5.21.1 (f) and 5.21.2 have been amended.
e) Sub-clauses 5.9.1 (a), 5.21.5 and 5.21.6 have been deleted.
f) Form II of Chapter 5 has been amended.
g) Sub-clause 5B.1.1 and 5B.4.15 have been amended.
h) Sub-clauses 5B.4.16 and 5B.4.17 have been deleted.
i) Sub-clauses 5B.4.18 and 5B.4.19 have been amended and re-numbered as 5B.4.16 and 5B.4.17 respectively.
j) Sub-clauses 5B.4.20 – 5B.4.22 have been consequentially re-numbered to 5B.4.18 and 5B.4.20 due to deletion of sub-clauses 5B.4.16 and 5B.4.17.
k) Clause 19.3 has been amended.
l) Sub-clause 20.5.1 has been amended.

21. New Chapter 22A titled "Regulations Governing Opening and Operations of Account Facilitation/ Customer Help Centers by Securities Brokers" has been newly inserted, which shall take effect from the date of letter of approval of SECP i.e. February 07, 2022 and sent for Gazette Notification.

22. Amendment to Annexure-III of Chapter 4 of PSX Regulations approved by SECP on February 07, 2022 which shall take effect from the date of letter of approval i.e. February 07, 2022 and sent for Gazette Notification.

23. Amendments approved by SECP on February 23, 2022 which shall take effect from the date of letter of approval i.e. February 23, 2022 and sent for Gazette Notification:

a) Clause 4.30 has been newly inserted.
b) Sub-clause 8.15.1 has been amended.
c) Sub-clause 18.4.5 (a), (b) & (c) have been amended.
d) Sub-clause 18.4.6 has been amended.
e) Sub-clause 20.1.1 has been amended.
f) Sub-clause 20.1.2 has been newly inserted and existing sub-clause 20.1.2 has been amended and consequentially re-numbered as 20.1.3.
g) Sub-clause 20.2.1, 20.2.2 and 20.2.4 have been amended.
h) Sub-clause 20.3.3 has been amended.
i) Sub-clause 20.5.2 has been amended.

24. Amendments approved by SECP on April 01, 2022 which shall take effect from the date of letter of approval i.e. April 01, 2022 and sent for Gazette Notification:

a) Clause 4.29 has been amended.
b) Definition of Accredited Investor has been amended.

25. Amendments approved by SECP on October 7, 2022 which shall take effect from the date of letter of approval i.e. October 7, 2022 and sent for Gazette Notification:

a) New definition of 'Contract Specifications' has been inserted in Clause 2.4 of PSX Regulations.
b) Clause 3.4 has been amended.
c) Clause 5.23 has been newly inserted and existing Clause 5.23 has been renumbered as 5.24.
d) Sub-Clause 13.2.1, 13.2.4, 13.2.5, 13.2.6 and 13.2.7 have been newly inserted.
e) Existing Sub-Clause 13.2.1 has been renumbered as 13.2.2.
f) Sub-Clause 13.2.2 has been deleted.
g) Clause 13.4 has been deleted and subsequent clauses have been consequentially renumbered.
h) Sub-Clause 13.7.4 has been amended and also renumbered as 13.6.4.
i) Annexure-A to Chapter 13 has been deleted.
j) Definitions in Clause 15.1 (c), (g), (n), (r) and (v) have been amended.
k) Sub-Clause 15.2.1 has been amended.
l) Existing Sub-Clauses 15.2.1 and 15.2.2 have been deleted and subsequent sub-clauses have been consequentially renumbered.
m) Existing Sub-Clause 15.2.3 has been amended and also renumbered as 15.2.2.
n) Sub-Clause 15.2.3 has been newly inserted.
o) Sub-Clauses 15.2.6 – 15.2.10 have been amended.
p) Sub-Clauses 15.3.3 and 15.3.6 have been amended.
q) Annexure-A to Chapter 15 has been deleted.
r) Definitions in Clause 17.1 (a), (b), (c), (d) (g), (h), (j) have been amended.
s) Existing Definitions in Clause 17.1 (f) and (i) have been deleted and subsequent definitions have been consequentially renumbered.
t) Definition in Clause 17.1(i) has been newly inserted.
u) Sub-Clause 17.2.1 has been newly inserted and existing Clause 17.2.1. has been deleted.
v) Sub-Clauses 17.2.2 – 17.2.4 and 17.2.6 – 17.2.7 have been amended.
w) Sub-Clause 17.3 (a)(iii) has been amended.
x) Annexure-A to Chapter 17 has been deleted.

26. Amendments approved by SECP on October 10, 2022 which shall take effect from the date of letter of approval i.e. October 10, 2022 and sent for Gazette Notification:

a) Proviso to Clause 5.19.1 (f) has been newly inserted.
b) Sub-clause 5.7.3 has been newly inserted.

27. Amendments approved by SECP on October 12, 2022 which shall take effect from the date of letter of approval i.e. October 12, 2022 and sent for Gazette Notification:

a) Sub-clause 18.1.1 has been amended.
b) Sub-clause 20.4.1 has been amended.
c) New clause 20.4A titled 'Appeal Procedures' has been inserted.
d) Sub-clause 20.4.4 has been amended and renumbered as 20.4A.1.
e) Sub-clause 20.4A.2 has been newly inserted.
f) Sub-clauses 20.4.5 and 20.4.6 have been renumbered as 20.4A.3 and 20.4A.4.

28. Amendments approved by SECP on November 29, 2022 which shall take effect from the date of letter of approval i.e. November 29, 2022 and sent for Gazette Notification:

a) Sub-clause 4.25.1 and 4.25.2 have been amended.
b) Sub-clause 4.25.3 has been newly inserted and existing sub-clause 4.25.3 has been consequentially re-numbered as 4.25.4.
c) Proviso to sub-clause 5.5.11. has been amended.
d) Chapter 7A titled as "Market Misconduct Regulations" has been newly inserted.
e) As a result of insertion of new Chapter 7A, Annexure II to Chapter 4 has been consequentially amended and sub-clause 7.6.1. and sub-clause 20.14.2 have been consequentially deleted.
f) Clause 8.15.7 has been amended.

29. Amendments approved by SECP on February 15, 2023 which shall take effect from the date of letter of approval i.e. February 15, 2023 and sent for Gazette Notification:

a) New definition of 'PRIDE' has been inserted in Clause 2.4.
b) Clause 4.4 has been amended.
c) Sub-clause 5.2.1 (b) has been amended.
d) Sub-clause 5.9.1 (a) has been deleted and subsequent sub-clauses have been consequentially renumbered.
e) Sub-clause 5.22.4 has been amended.
f) Appendix – I of Chapter 5 has been amended and renamed as Annexure – I.
g) Form – I and Form – II of Chapter 5 have been amended.
h) Appendix – II of Chapter 5 has been amended and renamed as Annexure – II.
i) Form – I, Annexure – I and Form – II of Chapter 5A have been amended.
j) Sub-clause 5B.5.1 has been amended.
k) Form A of Chapter 5B has been amended and renamed as Form – I.
l) Annexure – I of Chapter 5B has been amended.
m) Annexure – III of Chapter 5B has been amended and renamed as Form – II.
n) Form – I, Form – II and Annexure – I of Chapter 5C have been amended.
o) Sub-clause 5D.4.1 has been amended.
p) Form – I and Form – II of Chapter 5D have been amended.
q) Appendix – I of Chapter 5D has been amended and renamed as Annexure – I.
r) Clause 6.9 (c) has been amended.
s) Annexure – A and Annexure – B of Chapter 6 have been amended.
t) Sub-clause 16.2.1 has been amended.
u) Annexure – C of Chapter 16 has been amended and renamed as Annexure – I.
v) Form – I, Form – II and Form – III of Chapter 16 have been amended.

30. Amendments approved by SECP on April 10, 2023 which shall take effect from the date of letter of approval i.e. April 10, 2023 and sent for Gazette Notification:

a) Clause 5.14. has been amended and existing Clauses 5.15, 5.16 and 5.17 have been consequentially deleted.
b) Sub-Clause 5.21.1 (f) has been amended.

31. Amendments approved by SECP on April 10, 2023 which shall take effect from the date of letter of approval i.e. April 10, 2023 and sent for Gazette Notification:

a) New definition of 'Online Only Securities Broker' has been inserted in Clause 2.4.
b) The term 'Online Only Securities Broker' has been inserted in Clauses 3.14, 3.15, 4.5, 4.9, 4.17, 4.22, 4.23, Annexure-I to Chapter 4, 21.2 and 21.4.
c) Sub-Clause 4.4.1 has been amended.
d) Sub-Clause 4.4.8 has been newly inserted.
e) Clause 4.30A has been newly inserted.

f) A Proviso under Clause 9.3(a) has been newly inserted.
g) Schedule-I to Chapter 19 has been amended.

32. Amendments approved by SECP on April 14, 2023 which shall take effect from the date of letter of approval i.e. April 14, 2023 and sent for Gazette Notification:

a) Sub-Clause 4.8.2. has been amended.
b) Clause 4.21. has been amended.
c) Sub-Clauses 4.24.2. and 4.24.3. have been amended.
d) Clause 4.26. has been amended.
e) Terms and Conditions for Trading Account contained in CRF for individual and body corporate have been amended.
f) Sub-Clause 22.6.8 has been amended.

33. Amendments approved by SECP on April 19, 2023 which shall take effect from the date of letter of approval i.e. April 19, 2023 and sent for Gazette Notification:

a) Definition of Centralized Gateway Portal has been newly inserted in clause 4.1.1.
b) Sub-clause 4.15.3.1 has been amended.
c) Sub-clause 4.15.5 has been newly inserted and existing sub-clause 4.15.5 has been consequentially renumbered as 4.15.6.

34. Amendments approved by SECP on June 29, 2021 which shall take effect from the date of deployment of new Trading System i.e. May 15, 2023 and sent for Gazette Notification:

a) Clause 2.4 has been amended.
b) Clause 3.6 and 3.7 have been amended.
c) Sub-clause 4.25.1 has been amended.
d) Sub-clause 5.16.4 has been amended.
e) Sub-clause 5A.9.1 has been amended.
f) Sub-clause 5B.13.1 has been amended.
g) Clause 5C.12 has been amended.
h) Clause 6.1 – 6.9, 6.12 and 6.13 have been amended.
i) Entire Chapter 8A and 8B have been replaced with a unified Chapter 8 titled “Trading System Regulations”.
j) Clause 9.1 (b) has been amended.
k) Sub-clause 10.3.2, 10.4.1 (d) and 10.14.3 have been amended.
l) Sub-clause 12A.4.2 has been amended.
m) Clause 12A.5 has been amended.
n) Sub-clause 13.4.1, 13.4.2 and 13.6.3 have been amended.
o) Sub-clause 14.2.1 has been amended.
p) Sub-clause 15.2.1 has been amended.
q) Sub-clause 16.3.2 has been amended.
r) Sub-clause 17.2.1 has been amended.
s) Clause 17.4 has been amended.
t) Clause 19.1 has been amended.
u) Sub-clause 20.3.3, 20.3.4, 20.5.2 and 20.8.3 have been amended.
v) Clause 20.12, 20.13 and 20.20 have been amended.
w) Sub-clause 21.2.2 (b) has been amended.
x) Sub-clause 22.1. (c) and (g) have been amended.
y) Clause 22.3 (i) and 22.6.8 (d) have been amended.
z) Sr. # 1.10 of Schedule-A to Chapter 23 has been amended.

35. Amendments approved by SECP on June 02, 2023 which shall take effect from the date of letter of approval i.e. June 02, 2023 and sent for Gazette Notification:

a) Clause 2.4 (xxiv) has been amended.
b) Clause 10.14 has been amended.
c) Clause 16.1 (j) has been amended.
d) Proviso to clause 17.1 (d) has been newly inserted.
e) Sub-clauses 17.2.9 and 17.2.10 have been deleted.
f) Clause 19.1 (d) has been newly inserted.
g) Clause 19.3 (a) has been amended.

36. Amendments approved by SECP on June 13, 2023 which shall take effect from the date of letter of approval i.e. June 13, 2023 and sent for Gazette Notification:

a) Clause 5.1.1 (e) has been amended.
b) Clause 5.22 has been amended.
c) Sr. No. A (xiii) of Annexure II of Chapter 5 has been amended.

37. Amendments to Annexure-I of Chapter 4 have been approved by SECP on August 23, 2023 which shall take effect from the date of letter of approval i.e. August 23, 2023 and sent for Gazette Notification.

38. Amendments approved by SECP on September 19, 2023 which shall take effect from the date of letter of approval i.e. September 19, 2023 and sent for Gazette Notification:

a) Sub-clause 5.6.7 has been amended.
b) Sub-clause 5.21.1 has been amended.

39. Amendments to Annexure-I of Chapter 4 have been approved by SECP on October 04, 2023 which shall take effect from the date of letter of approval i.e. October 04, 2023 and sent for Gazette Notification.

40. Entire Chapter 5D [Direct Listing Regulations] has been deleted from PSX Regulations along with all the references of Direct Listing appearing in PSX Regulations with effect from November 17, 2023 and sent for Gazette Notification.

41. Amendments approved by SECP on November 28, 2023 which shall take effect from the date of letter of approval i.e. November 28, 2023 and sent for Gazette Notification:

a) Sub-clause 5.21.6 has been newly inserted.
b) Clause 5.21A has been newly inserted.
c) Existing sub-clauses 20.4A.2 (a), 20.4A.2 (b) and 20.4A.2 (c) have been amended.

42. Amendments approved by SECP on December 06, 2023 which shall take effect from the date of letter of approval i.e. December 06, 2023 and sent for Gazette Notification:

a) Clause 2.2 and 2.4 have been amended.
b) Clause 4.5, 4.11 and 4.17 have been amended.
c) Proviso to clause 4.18 has been newly inserted.
d) Proviso to sub-clause 4.20.2 has been newly inserted.
e) Proviso to clause 4.21 has been newly inserted.
f) Clause 4.22 has been amended.
g) Clause 5.10 has been amended.
h) Clause 5B.2 and 5B.10 have been amended.
i) Clause 5A.1 has been amended.
j) Clause 5C.2, 5C.8, 5C.9 have been amended.
k) Clause 16.1 has been amended.
l) Proviso to clause 19.5 has been newly inserted.
m) Clause 21.6 has been amended
n) Sub-clause 22.6.2 has been amended.
o) Sub-clause 23.2.1, clause 23.5 and sub-clause 23.7.1 have been amended.

43. Amendments approved by SECP on December 06, 2023 which shall take effect from the date of letter of approval i.e. December 06, 2023 and sent for Gazette Notification:

a) Clause 6.1 and 6.2 have been amended.

44. Amendments approved by SECP on February 15, 2024 which shall take effect from the date of letter of approval i.e. February 15, 2024 and sent for Gazette Notification:

b) Clause 19.1 (e) has been newly inserted and existing clause 19. (e) has been consequentially renumbered as 19.1 (f).

45. Amendments approved by SECP on February 16, 2024 which shall take effect from the date of letter of approval i.e. February 15, 2024 and sent for Gazette Notification:

a) Clause 2.4(i), 2.4(xxxviii), 20.4(xlvi), 2.4(xlvi.A), 2.4(xlvii), 2.4(xciii) have been amended.
b) Clause 14.1(a), 14.1(b), 14.1(d) and 14.1(e) have been amended.
c) Clause 14.1(g) has been deleted.
d) Sub-clause 14.2.1, 14.2.3, 14.2.4, 14.2.5, 14.2.7, 14.2.8, 14.2.10 have been amended.
e) Sub-clause 14.2.9, 14.2.11 and 14.3.4 have been deleted.
f) Clause 14.4 has been amended.
g) Clause 19.1(b) and 19.1(c) have been amended.
h) Schedule-I to Chapter 24 has been amended.

46. Amendments approved by SECP on June 07, 2023 which shall take effect within one quarter post Go-Live of New Trading System and sent for Gazette Notification:

a) Clause 2.4(i) and 2.4(lxxvii) have been amended.
b) Sub-Clause 5.5.10(a) and 5.5.10(b) have been amended.
c) Sub-Clause 5.8.1(a) has been amended.
d) Sub-Clause 5.14.10 has been amended.

e) The heading of Sub-Clauses 5A.9.2 has been amended.
f) Sub-Clause 8.15.5 has been deleted.
g) Clause 10.4 has been amended.
h) Sub-Clause 19.3(a) has been amended and 19.3(d) has been deleted.
i) Schedule-I of Chapter 24 has been amended.

47. Amendments approved by SECP on May 06, 2024 which shall take effect from the date of letter of approval i.e. May 06, 2024 and sent for Gazette Notification:

a) Clause 5.1.1(b) has been deleted.
b) Clause 5.1.1(d), 5.1.1(j), 5.1.1(n), have been newly inserted.
c) Clause 5.2.2(i) has been amended.
d) The headings of clause 5.11 has been amended.
e) Clause 5.11.1(a), 5.11.1(b), 5.11.1(c), 5.11.1(d), 5.11.1(e), 5.11.1(f), 5.11.1(g), 5.11.1(h), 5.11.1(i) have been amended.
f) Clause 5.11.1(l), 5.11.1(m), 5.11.1(n) have been deleted.
g) Clause 5.11.2 has been newly inserted.
h) Clause 5.11.3, 5.11.4, 5.11.5, 5.11.6, 5.11.7, 5.11.8, 5.11.9 have been amended.
i) Clause 5.11.10, 5.11.11, 5.11.12 have been newly inserted.
j) The heading of clause 5.12 has been amended.
k) Clause 5.13 has been amended.
l) Clause 5.19.2(a), 5.19.2(b) have been amended.
m) Clause 5.19.3 have been amended.
n) Clause 5.21.1(f), 5.21.2, 5.21.5 have been amended.
o) Clause 5.22.4(d) and 5.22.6 have been amended.
p) Clause 5A.15(e) has been amended.
q) Clause 5B.3.1(e), and 5B.3.2(b)(i) have been amended.
r) Clause 5B.15.4 has been amended.
s) Clause 5C.3(4a) has been amended.
t) Clause 5C.14(iv) has been amended.

48. Amendments approved by SECP on May 16, 2024 which shall take effect from the date of letter of approval i.e. May 16, 2024 and sent for Gazette Notification:

a) Sub-clauses 19.3(a) and 19.3(b) have been amended.
b) Sub-clause19.4(ii) has been amended.

49. Amendments approved by SECP on June 12, 2024 which shall take effect from the date of letter of approval i.e. June 12, 2024 and sent for Gazette Notification:

a) Clause 3.7.1A has been newly inserted.
b) Clause 3.16.8 has been newly inserted.
c) Clause 4.9A has been newly inserted.
d) Clause 4.17.1A has been newly inserted.
e) Clause 4.23.3 has been newly inserted.
f) Sub-clause 5.2.1(d)(e) & (f) have been amended.
g) Clause 5.6.4 has been amended.
h) Sub-clause 5.5.8(b) & (e) have been amended.
i) Sub-Clause 5.5.9 has been amended.
j) Clause 5B.3.2 (a) has been newly inserted and subsequent clauses are consequentially renumbered.
k) Clause 5B.4.16 and 5B.4.17 have been amended.
l) Clause 5B.5.4 has been amended.
m) Clause 20.15A is newly inserted.
n) Clause 20.15B has been amended.
o) Sub-Clause 20.16.6(g) has been newly inserted.
p) Clause 20.18.2 has been newly inserted.
q) Clause 21.4.2 has been amended.
r) Sub-clause 21.6.1(e) has been newly inserted.

50. Amendments approved by SECP on August 28, 2024 which shall take effect from the date of letter of approval i.e. August 28, 2024 and sent for Gazette Notification:

a) Sub-clause 24.4.2 has been amended.
b) Schedule-I of Chapter 24 has been amended.

51. Amendments approved by SECP on October 3, 2024 which shall take effect from the date of letter of approval i.e. October 3, 2024 and sent for Gazette Notification:

a) Sub-clause 5.7.2 (b)(ii) and 5.21.6 have been amended.

b) Sub-clause 8.1 (a) and 8.3.2 have been amended
c) Sub-clause 20.4.2 and 20.4.3 have been amended.
d) Sub-clause 22.1 (d), proviso to clause 22.3 have been deleted.
e) Sub-clause 22.3 (h), 22.9 (a)(i) and 22.10 (a)(i) have been amended.
f) Annexure E of Chapter 22 has been amended.

52. Amendments approved by SECP on October 17, 2024 which shall take effect from the date of letter of approval i.e. October 17, 2024 and sent for Gazette Notification:

a) Sub-clauses 5.10.5 and 5.10.6 have been newly inserted.
b) Sub-clauses 5.19.1 (a), (c) (f) and (g) have been amended.
c) Sub-clauses 5.19.3 (a) and (b) have been deleted.
d) Sub-clauses 5B.9 (ii) (iii) and (v) have been amended.
e) Sub-clauses 5C.11 (iii) and (iv) have been amended.
f) Clause 16.7 has been amended.

53. Amendments approved by SECP on December 16, 2024 which shall take effect from December 18, 2024 and sent for Gazette Notification:

a) Clause 4.28 has been amended.
b) New Annexure IV has been inserted.

54. Amendments approved by SECP on July 14, 2025 which shall take effect from the date of letter of approval i.e. July 14, 2025 and sent for Gazette Notification:

a) Clause 5.4A has been newly inserted.
b) Sub-Clause 5.6.11 has been amended.

55. Amendments approved by SECP on August 27, 2025 which shall take effect from the date of letter of approval i.e. August 27, 2025 and the same are being sent for Gazette Notification:

a) Clause 6.1(q) has been amended.
b) Clause 6.3(b) has been amended
c) Clause 6.3(c) has been newly inserted, subsequent clause has been amended and renumbered.
d) Clause 6.5 (b) has been amended.
e) Clause 6.5(d)(iii) has been newly inserted and subsequent clauses are consequentially renumbered.
d) Annexure A and Annexure B of Chapter 6 have been amended.

TABLE OF CONTENTS

Chapter 1: PREAMBLE, SHORT TITLE AND COMMENCEMENT 1

1.1. PREAMBLE:..... 1
1.2. SHORT TITLE:.....1
1.3. COMMENCEMENT:.....1
1.4. POWERS TO RELAX REGULATORY REQUIREMENT(S):..... 1

Chapter 2: INTERPRETATION AND DEFINITIONS 2

2.1. GENERAL PRINCIPLES OF INTERPRETATION:..... 2
2.2. APPLICABILITY:..... 2
2.3. SEVERABILITY:..... 2
2.4. GENERAL DEFINITIONS:..... 3

Chapter 3: PAKISTAN STOCK EXCHANGE LIMITED 10

3.1. FIT & PROPER CRITERIA FOR DIRECTORS OF THE EXCHANGE:..... 10
3.2. CONFLICT OF INTEREST:..... 10
3.3. POWERS OF THE EXCHANGE:..... 10
3.4. DEPOSIT, FEE, CONTRIBUTION, CHARGES AND OTHER SUMS :..... 10
3.5. DESIGNATED TIME SCHEDULE:..... 10
3.6. HOURS OF OPERATION:..... 11
3.7. DISSEMINATION OF RELATED INFORMATION BY THE EXCHANGE TO OTHER MARKET ENTITIES AND GENERAL PUBLIC:..... 11
3.8. SHARING OF INFORMATION AMONGST THE COMMISSION, EXCHANGE, CDC AND NCCPL:..... 11
3.9. DISSEMINATION OF MARKET INFORMATION TO GENERAL PUBLIC…..... 11
3.10. EXCHANGE'S POWER TO TAKE CONSEQUENTIAL ACTIONS AGAINST A UIN ON ITS NON-COMPLIANCE WITH NCCPL REGULATIONS:..... 11
3.11. EXCHANGE'S POWER TO IMPOSE RESTRICTIONS ON A BROKER CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON SUCH BROKER BY CDC AS ITS PARTICIPANT:..... 12
3.12. EXCHANGE'S POWER TO SUSPEND A BROKER CONSEQUENT UPON ITS SUSPENSION BY CDC AS ITS PARTICIPANT:..... 12
3.13. EXCHANGE'S POWER TO IMPOSE RESTRICTIONS ON OR SUSPEND A BROKER CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF SUCH BROKER BY NCCPL AS ITS CLEARING MEMBER:..... 12
3.14. EXCHANGE'S POWER TO IMPOSE RESTRICTIONS ON OR SUSPEND A TRADING ONLY SECURITIES BROKER OR ONLINE ONLY SECURITIES BROKER(S) CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF SUCH SECURITIES BROKER BY PCM OR TRADING AND CLEARING SECURITIES BROKER:..... 12
3.15. EXCHANGE'S POWER TO TAKE APPROPRIATE ACTION AGAINST RELEVANT TRADING ONLY SECURITIES BROKER(S) OR ONLINE ONLY SECURITIES BROKER(S) CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF PCM OR TRADING AND CLEARING SECURITIES BROKER BY CDC AS ITS PARTICIPANT:..... 13
3.16. MONITORING COMPLIANCE WITH THESE REGULATIONS:.....13
3.17. INDEMNIFICATION OF THE EXCHANGE: 13

Chapter 4: TRADING RIGHTS ENTITLEMENT (TRE) CERTIFICATE..... 14

4.1 DEFINITIONS:..... 14
4.1A. COMPLIANCE WITH ACT/REGULATIONS:..... 14
4.2. ENTITLEMENT OF TRE CERTIFICATE HOLDER TO TRADE:..... 14
4.3. ISSUANCE OF TRE CERTIFICATES BY THE EXCHANGE:..... 14
4.4. APPLICATION TO THE EXCHANGE AND ELIGIBILITY CRITERIA FOR OBTAINING TRE CERTIFICATE:..... 14
4.5. TRANSFER OF TRE CERTIFICATE:..... 15
4.6. APPLICABILITY OF ELIGIBILITY CRITERIA ON CONTINUED BASIS:..... 16
4.7. DECISION OF THE EXCHANGE REGARDING ISSUANCE OF TRE CERTIFICATE:..... 16
4.8. TRANSFER OF SHARES, CHANGE OF LEGAL STATUS, OWNERSHIP:..... 16
4.9. RELINQUISHMENT/SURRENDER AS A TRE CERTIFICATE HOLDER:..... 16
4.9A. PASSING OF MEMBERS' RESOLUTION FOR VOLUNTARY WINDING-UP:.....17
4.10. ISSUANCE OF NOC PRIOR TO TRANSFER OF TRE CERTIFICATE:..... 17

4.11. IN CASE OF ACTIVATION OR REACTIVATION OF A TRE CERTIFICATE HOLDER AS SECURITIES BROKER: 17
4.12. RESEARCH REPORTS BY THE SECURITIES BROKER AND COMMUNICATION WITH MEDIA: 18
4.13. REPORT OF VIOLATION OF REGULATIONS: 18
4.14. PAYMENT OF FEE/DEPOSIT: 18
4.15. OPENING AND MAINTENANCE OF ACCOUNTS OF CUSTOMERS: 18
4.16. COMPLIANCE WITH SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (ANTI MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM) REGULATIONS, 2020:.....19
4.17. SEGREGATION OF CLIENTS' ASSETS BY THE SECURITIES BROKERS: 20
4.18. CONFIRMATION OF CLIENTS' ORDERS BY TRE CERTIFICATE HOLDERS/BROKERS: 21
4.19. GENERAL OBLIGATIONS OF TRE CERTIFICATE HOLDERS/BROKERS RELATING TO LEVERAGED MARKETS: 21
4.20. TRADING BY EMPLOYEES OF BROKERAGE HOUSES: 21
4.21. MANDATORY PROVISION OF QUARTERLY ACCOUNT STATEMENT TO CLIENTS: 22
4.22. STATUTORY AUDIT OF THE SECURITIES BROKERS: 22
4.23. RECEIPT/PAYMENT OF AMOUNT FROM/TO CUSTOMERS:..... 22
4.24. MANDATORY TARIFF STRUCTURE:.....22
4.25. IT AND INFORMATION SECURITY REQUIREMENTS FOR THE SELECTION OF SOFTWARE VENDORS AND USAGE OF SOFTWARE BY THE TRE CERTIFICATE HOLDERS:..... 23
4.26. MANDATORY SUBMISSION OF FINANCIAL INFORMATION, STATEMENTS, RETURNS AND OTHER INFORMATION: 23
4.27. CONTINGENCY PLAN FOR CONTINUITY OF OPERATIONS: 23
4.28. STANDARD RANGE/ SCALE OF BROKERAGE COMMISSION:.....23
4.29. EXECUTION OF TRADES ON THE ACCOUNTS OF ELIGIBLE CUSTOMERS:.....23
4.30. LIQUID CAPITAL REQUIREMENTS AND ITS REPORTING FRAMEWORK:.....24
4.30.A. REQUIREMENT RELATING TO ONLINE ONLY SECURITIES BROKER:.....24

Chapter 5: LISTING OF COMPANIES AND SECURITIES REGULATIONS 49

5.1. DEFINITIONS: 49
5.2. LISTING OF COMPANIES AND SECURITIES: 49
5.3. UNDERTAKING: 50
5.4. PUBLIC OFFER BY COMPANIES/ MODARABAS/ SPAC: 50
5.4A. LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT:.....51
5.5. PROSPECTUS, ALLOTMENT, ISSUE AND TRANSFER OF SHARES:..... 52
5.6. DISCLOSURE OF INFORMATION, TRADING HALTS AND CREDIT OF DIVIDENDS:..... 53
5.7. ANNUAL GENERAL MEETINGS / ANNUAL REVIEW MEETINGS, ETC.:.....56
5.8. INCREASE OF CAPITAL & ALLIED ISSUES:..... 56
5.9. OTHER MATTERS: 57
5.10. QUALITY OF AUDIT:..... 57
5.11. NON-COMPLIANT SEGMENT, WINDING-UP SEGMENT, RISK WARNING ALERT, SUSPENSION AND DE-LISTING: 58
5.12. EFFECTS OF SUSPENSION OF TRADING IN THE SECURITIES OF A SUSPENDED COMPANY:..... 60
5.13. RESTORATION OF TRADING IN THE SHARES OF SUSPENDED COMPANY: 61
5.14. VOLUNTARY DE-LISTING (VD):..... 61
5.15. DELETED:..... 63
5.16. DELETED:..... 63
5.17. DELETED:..... 63
5.18. RELAXATION: 63
5.19. LISTING AND ANNUAL FEES:..... 63
5.20. COMPLIANCE WITH ACCESS TO INSIDE INFORMATION REGULATIONS, 2016:..... 64
5.21. DISCIPLINARY ACTIONS: 64
5.21A. APPEAL PROCEDURES:.....65
5.22. REVERSE MERGER REGULATIONS:.....66
5.23. DISSEMINATION OF INFORMATION RELATING TO STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019:.....67
5.24. POWER TO OBTAIN DOCUMENTS: 67

Chapter 5A: REGULATIONS GOVERNING LISTING AND TRADING OF EQUITY SECURITIES ON GROWTH ENTERPRISE MARKET 74

5A.1. DEFINITIONS: 74
5A.2. ELIGIBILITY CRITERIA FOR LISTING ON GEM:..... 74
5A.3. ISSUE OF EQUITY SECURITIES AT PREMIUM:..... 75

5A.4. OFFER FOR SALE OF EQUITY SECURITIES BY THE OFFEROR:.....75
5A.5. LISTING PROCEDURE: 75
5A.6. CONTENTS OF INFORMATION MEMORANDUM: 76
5A.7. APPOINTMENT AND DUTIES OF ADVISOR TO THE ISSUE: 76
5A.8. APPOINTMENT AND FUNCTIONS OF MARKET MAKERS: 76
5A.9. TRADING OF SECURITIES ON EXCHANGE, RISK MANAGEMENT AND ALLIED MATTERS: 76
5A.10. APPLICABILITY OF THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019: 76
5A.11. APPLICABILITY OF SUBSTANTIAL ACQUISITION LAWS: 76
5A.12. AUDITED FINANCIAL STATEMENTS AND INFORMATION REQUIREMENT: 76
5A.13. REPORTING AND DISCLOSURE BY ISSUER: 77
5A.14. SUSPENSION, RESTORATION OF TRADING, DELISTING AND VOLUNTARY DELISTING FROM GEM:77
5A.15. DISCIPLINARY ACTIONS: 77
5A.16. EXIT FROM THE GEM: 77
5A.17. MIGRATION FROM GEM TO THE MAIN BOARD: 78
5A.18. 78
5A.19. INITIAL AND ANNUAL LISTING FEE: 78
5A.20. RELAXATION: 78
5A.21. REPEAL:.....78

Chapter 5B: LISTING OF DEBT SECURITIES REGULATIONS 85

5B.1. APPLICABILITY OF REGULATIONS: 85
5B.2. DEFINITIONS: 85
5B.3. ELIGIBILITY FOR LISTING: 85
5B.4. CONDITIONS FOR LISTING OF DEBT SECURITIES: 85
5B.5. PROCEDURE FOR LISTING OF DEBT SECURITIES UNDER THIS CHAPTER: 87
5B.6. ISSUE OF DEBT SECURITIES: 87
5B.7. CONTENTS OF INFORMATION MEMORANDUM: 87
5B.8. POST LISTING REQUIREMENTS: 87
5B.9. PAYMENT OF LISTING FEE: 88
5B.10. FUNCTIONS OF A DEBT SECURITIES TRUSTEE..... 89
5B.11. DELETED: 89
5B.12. FUNCTIONS OF THE COMPLIANCE OFFICER: 89
5B.13. TRADING: 89
5B.14. SUSPENSION OF TRADING: 89
5B.15. DISCIPLINARY ACTIONS: 89
5B.16. RELAXATION: 89

Chapter 5C: PRIVATELY PLACED DEBT SECURITIES' LISTING REGULATIONS 95

5C.1. APPLICABILITY OF REGULATIONS: 95
5C.2. DEFINITIONS: 95
5C.3. ELIGIBILITY CRITERIA FOR LISTING: 95
5C.4. CONDITIONS FOR LISTING: 95
5C.5. GENERAL CONDITIONS: 96
5C.6. LISTING PROCEDURE: 96
5C.7. CONTENTS OF INFORMATION MEMORANDUM: 96
5C.8. POST LISTING REQUIREMENTS: 96
5C.9. ROLES AND RESPONSIBILITIES OF THE DEBT SECURITIES TRUSTEES: 98
5C.10. ROLES AND RESPONSIBILITIES OF THE COMPLIANCE OFFICER: 98
5C.11. PAYMENT OF LISTING FEES: 98
5C.12. TRADING AND SETTLEMENT OF SECURITIES: 98
5C.13. SUSPENSION OF TRADING: 98
5C.14. DISCIPLINARY ACTION: 98
5C.15. RELAXATION: 98
5C.16. REPEAL: 98

Chapter 5D: DELETED .....

Chapter 6: GOVERNMENT DEBT SECURITIES (GDS) MARKET REGULATIONS 105

6.1. DEFINITIONS: 105
6.2. GOVERNMENT DEBT SECURITIES ELIGIBLE FOR TRADING UNDER THESE

REGULATIONS: 105
6.3. TRADING PARTICIPANTS: 106
6.4. CLEARING PARTICIPANTS: 106
6.5. PROCEDURE FOR ADMISSION OF TRADING PARTICIPANT AND CLEARING PARTICIPANT: 106
6.6. TRANSMISSION OF INFORMATION BETWEEN THE EXCHANGE AND CLEARING PARTICIPANT: 106
6.7. RIGHTS & OBLIGATIONS OF TRADING PARTICIPANT, CLEARING PARTICIPANT AND ELIGIBLE CLIENT: 106
6.8. DEALINGS ON THE GDS MARKET: 107
6.9. REQUEST FOR QUOTATIONS (RFQ): 107
6.10. DELETED: 107
6.11. DELETED: 107
6.12. RISK MANAGEMENT OF TRADES IN GOVERNMENT DEBT SECURITIES UNDER THESE REGULATIONS: 107
6.13. TRADING, CLEARING AND SETTLEMENT PROCEDURES: 108
6.14. SHUT PERIOD: 108
6.15. TRADING FEE AND OTHER CHARGES: 109
6.16. DELETED: 109

Chapter 7: PROPRIETARY TRADING REGULATIONS 112

7.1. DEFINITIONS AND INTERPRETATION: 112
7.2. PROCEDURE FOR EXECUTION OF PROPRIETARY TRADING BY THE BROKER OR ANY ASSOCIATED PERSON: 112
7.3. NO AGGREGATION OF ORDERS: 112
7.4. CONFLICT OF INTEREST AND DISCLOSURE BY BROKERS: 112
7.5. SEPARATE ACCOUNT FOR PROPRIETARY TRADING: 112
7.6. MARKET INTEGRITY: 112
7.7. PENALTY: 113

Chapter 7A: MARKET MISCONDUCT REGULATIONS 114

7A.1. DEFINITIONS: 114
7A.2. COMPLIANCE WITH REGULATORY REQUIREMENTS: 114
7A.3. INTEGRITY, DUE SKILL, CARE AND DILIGENCE: 114
7A.4. RESPONSIBILITY OF THE TRE CERTIFICATE HOLDERS AND LISTED COMPANIES: 114
7A.5. PROHIBITION OF MARKET MISCONDUCT: 114
7A.6. POWER OF THE EXCHANGE: 114
7A.7. CONSEQUENTIAL ACTIONS: 115
7A.8. WHISTLE BLOWING OR REPORTING OF MARKET MISCONDUCT: 115
7A.9. PRESERVATION OF CONFIDENTIALITY: 115

Chapter 8: TRADING SYSTEM REGULATIONS 116

8.1. DEFINITIONS: 116
8.2. ADMINISTRATION AND EXERCISE OF POWERS: 116
8.3. AVAILABILITY: 116
8.4. QUEUE PRIORITY: 116
8.5. ORDER TYPES: 116
8.6. ORDER/ TRADE PRICES AND DATABASE FOR ACCRUED INTEREST CALCULATIONS FOR DEBT SECURITIES: 117
8.7. QUOTE TYPES AND ATTRIBUTES FOR DEBT SECURITIES TRADES: 117
8.8. INSERTION OF CLIENT'S CODE IN EVERY BID AND OFFER THROUGH TRADING SYSTEM: 117
8.9. TIME IN FORCE RESTRICTION: 117
8.10. CROSS TRADE: 117
8.11. CANCEL ORDER: 117
8.12. CHANGE FORMER ORDER: 117
8.13. RISK MANAGEMENT, CLEARING AND SETTLEMENT: 117
8.14. MARKET OPENING: 117
8.15. NEGOTIATED DEAL: 118
8.16. SUSPENSION OF SECURITY/SECURITIES AND/OR SECURITIES BROKER(S): 118
8.17. CONFIDENTIALITY: 119
8.18. GENERAL: 119
8.19. DISCLAIMER: 119

Chapter 9: INTERNET TRADING REGULATIONS 120

9.1. DEFINITIONS AND INTERPRETATION: 120
9.2. APPLICABILITY: 120
9.3. ELIGIBILITY: 120
9.4. PROCEDURE FOR THE COMMENCEMENT OF INTERNET BASED TRADING SERVICES: 120
9.5. BROKER CLIENT SERVICE ARRANGEMENT: 120
9.6. SERVICE REQUIREMENT: 121
9.7. INFORMATION AND INFRASTRUCTURAL SECURITY MEASURES: 121
9.8. OPERATIONAL CAPACITY: 121
9.9. SERVICE AVAILABILITY AND BUSINESS CONTINUITY: 122
9.10. SYSTEMS MODIFICATION: 122
9.11. MONTHLY REPORTING: 122
9.12. PERIODIC AUDIT, VULNERABILITY ASSESSMENT AND PENETRATION TESTING: 122
9.13. GENERAL DISCLOSURES: 122
9.14. CROSS TRADES: 123
9.15. SUSPENSION AND CANCELLATION OF INTERNET TRADING CERTIFICATE: 123
9.16. INFORMATION ACCESSIBILITY: 123

Chapter 10: READY DELIVERY CONTRACTS MARKET REGULATIONS 124

10.1. DEFINITIONS: 124
10.2. APPLICATION FOR TRADING: 124
10.3. READY DELIVERY CONTRACT TRADING: 124
10.4. TRADING IN SECURITIES: 124
10.5. TRADING AND SETTLEMENT CYCLE: 124
10.6. DETERMINING EX-PRICE OF SECURITY ON BOOK CLOSURE – 2 SETTLEMENT DAY: 125
10.7. SETTLEMENT FAILURE: 125
10.8. BUYING BROKERS' OBLIGATIONS ON RECEIPT OF PHYSICAL FORM SECURITIES: 125
10.9. DOCUMENTS AND REGISTRATION: 127
10.10. SALES NOT CONDITIONAL ON TRANSFER: 127
10.11. FRESH TRANSFER DEED ON REFUSAL BY COMPANY: 127
10.12. COMPANY IN LIQUIDATION: 128
10.13. DISPUTE AFTER REGISTRATION: 128
10.14. SHORT SALE: 128
10.15. PROHIBITION ON BLANK SALES: 128
10.16. SHORT SALE PREREQUISITES: 128
10.17. CRITERIA FOR SECURITIES ELIGIBLE FOR SHORT SELLING: 128
10.18. PROHIBITION: 128
10.19. PUBLICATION OF REPORT: 129
10.20. TEMPORARY PROHIBITION ON SHORT SALE: 129
10.21. DISCIPLINARY ACTION(S) ON NON-COMPLIANCES: 129

Chapter 11: DELETED .....

Chapter 12: MARKET MAKERS REGULATIONS 131

12.1. DEFINITIONS: 131
12.2. APPLICABILITY: 131
12.3. DIVISION 1 – DESIGNATED MARKET MAKERS: 131
12.4. RESPONSIBILITIES OF DESIGNATED MARKET MAKERS FOR THEIR ASSIGNED SECURITIES: 132
12.5. TERMINATION OF RESPONSIBILITIES DUE TO EVENTS: 133
12.6. NOTIFICATION: 133
12.7. TRANSITION: 133
12.8. DIVISION 2 – ASSIGNMENT OF SECURITIES AND OTHER MATTERS: 133
12.9. DIVISION 3 – ASSESSMENT OF PERFORMANCE OF DESIGNATED MARKET MAKERS: 133

Chapter 12A: MARKET MAKERS REGULATIONS FOR LISTED DEBT SECURITIES INCLUDING GOVERNMENT DEBT SECURITIES 134

12A.1. DEFINITIONS: 134
12A.2. APPLICABILITY: 134

12A.3. ELIGIBILITY OF MARKET MAKER: 134
12A.4. PROCEDURE FOR APPOINTMENT AS MARKET MAKER: 134
12A.5. ROLES AND RESPONSIBILITIES OF MARKET MAKER: 134
12A.6. ASSESSMENT OF PERFORMANCE:..... 135
12A.7. SUSPENSION OR CANCELLATION OF MARKET MAKING AGREEMENT/ APPOINTMENT: 135
12A.8. NOTIFICATION: 135

Chapter 13: DELIVERABLE FUTURES CONTRACT MARKET REGULATIONS 136

13.1. DEFINITIONS: 136
13.2. TRADING: 136
13.3. ELIGIBILITY OF SECURITIES: 136
13.4. BLANK SALE AND COMPLIANCE: 136
13.5. MARGINS: 137
13.6. CLEARING & SETTLEMENT: 137
13.7. SUSPENSION OR DISCONTINUATION OF DELIVERABLE FUTURES CONTRACT MARKET:.....137
13.8. PUBLICATION OF BLANK SALE REPORT:..... 137
13.9. DISCIPLINARY ACTION(S) ON NON COMPLIANCES:..... 137

Chapter 14: CASH-SETTLED FUTURES CONTRACT MARKET REGULATIONS 138

14.1. DEFINITIONS: 138
14.2. TRADING: 138
14.3. CLEARING & SETTLEMENT: 138
14.4. SUSPENSION OR DISCONTINUATION OF SINGLE STOCK CASH-SETTLED FUTURES CONTRACT MARKET: 138

Chapter 15: INDEX OPTION CONTRACTS MARKET REGULATIONS 139

15.1. DEFINITIONS: 139
15.2. TRADING: 139
15.3. CLEARING, SETTLEMENT AND RISK MANAGEMENT: 140

Chapter 16: EXCHANGE TRADED FUNDS (ETFs) REGULATIONS 141

16.1. DEFINITIONS: 141
16.2. LISTING PROCEDURE: 141
16.3. TRADING, CLEARING & SETTLEMENT OF ETF UNITS: 142
16.4. DISCLOSURE OF INFORMATION: 142
16.5. OBLIGATIONS OF AP AND ETF MARKET MAKER: 142
16.6. APPLICABILITY OF LISTING REGULATIONS AND OTHER ALLIED MATTERS: 142
16.7. LISTING AND ANNUAL FEE: 142
16.8. RELAXATION: 143

Chapter 17: STOCK INDEX FUTURES CONTRACT MARKET REGULATIONS 150

17.1. DEFINITIONS: 150
17.2. TRADING: 150
17.3. CLEARING, SETTLEMENT AND RISK MANAGEMENT: 150
17.4. GENERAL: 151

Chapter 18: INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS. 152

18.1. PERMANENT ARBITRATION PANEL: 152
18.2. DISPUTES TO BE REFERRED TO ARBITRATION: 152
18.3. APPLICATION FOR ARBITRATION: 152
18.4. ARBITRATION PROCEDURE: 152
18.5. LATE CLAIMS BARRED: 154
18.6. APPEAL TO CRO: 154
18.7. MEMBERS INVOLVED NOT TO HEAR THE CASE/ APPEAL: 155
18.8. MISCELLANEOUS: 155
18.9. SUMMARY DISMISSAL AND EX-PARTE DECISION: 155
18.10. SETTING ASIDE EX-PARTE AWARD: 155

18.11. EXTENSION OF TIME: 155
18.12. OBLIGATION OF CLIENT AND ACTION AGAINST DELINQUENT CLIENTS: 155
18.13. ADMINISTRATION OF OATHS TO THE PARTIES TO THE DISPUTE: 155
18.14. UNDERTAKING BY BOTH PARTIES TO THE DISPUTE/CLAIM: 156
18.15. VERIFICATION OF INVESTORS' CLAIMS, INSPECTION OF BOOKS & RECORDS AND CONDUCTING OF ENQUIRY: 156

Chapter 19: RISK MANAGEMENT REGULATIONS 157

19.1. METHODOLOGIES: 157
19.2. BASE MINIMUM CAPITAL: 158
19.3. SCRIP-BASED CIRCUIT BREAKER: 158
19.4. INDEX-BASED MARKET HALTS:…. 158
19.5. OBLIGATION OF SECURITIES BROKERS TO COLLECT MARGINS FROM THEIR CLIENTS: 158
19.6. EVASION OF REQUIREMENTS PROHIBITED: 159

Chapter 20: DISCIPLINARY ACTIONS AGAINST TRE CERTIFICATE HOLDERS REGULATIONS.163

20.1. ACTS REQUIRING DISCIPLINARY ACTIONS: 163
20.2. PROCESS TO BE FOLLOWED FOR TAKING DISCIPLINARY ACTION CLAUSE 20.1.2.: 163
20.3. INVESTIGATION AND COMPLIANCE POWERS: 164
20.4. HEARING PROCEDURES: 164
20.4A. APPEAL PROCEDURES: 164
20.5. DISCIPLINARY ACTIONS: 165
20.6. SPECIFIC DISCIPLINARY ACTIONS: 166
20.7. DISCIPLINARY ACTIONS IN RESPECT OF AUDIT ACTIVITIES: 166
20.8. DISCIPLINARY ACTIONS IN RESPECT OF COLLATERAL ACCOUNT AND/OR SEGREGATION OF CLIENTS' ASSETS: 166
20.9. DISCIPLINARY ACTIONS IN RESPECT OF CONFIRMATION OF CLIENTS' ORDERS BY TRE CERTIFICATE HOLDERS/BROKERS: 166
20.10. DISCIPLINARY ACTIONS IN RESPECT OF TRADING BY EMPLOYEES OF BROKERAGE HOUSES: 166
20.11. DISCIPLINARY ACTIONS IN RESPECT OF INTERNET BASED TRADING:……167
20.12. DISCIPLINARY ACTIONS IN RESPECT OF PROPRIETARY TRADING ACTIVITIES: 167
20.13. DISCIPLINARY ACTIONS IN RESPECT OF TRADING SYSTEM ACTIVITIES: 167
20.14 DISCIPLINARY ACTIONS IN RESPECT OF SHORT SALE/BLANK SELLING ACTIVITIES: 167
20.15. DISCIPLINARY ACTIONS IN RESPECT OF MATTERS RELATED TO SUBMISSION OF FINANCIAL INFORMATION:…… 167
20.15A DISCIPLINARY ACTIONS IN RESPECT OF PASSING OF MEMBERS' RESOLUTION FOR VOLUNTARY WINDING-UP:…… 168
20.15B.COMPLIANCE WITH PSX REGULATIONS BY THE PCM:…… 168
20.16. CONSEQUENCES OF TRE CERTIFICATE HOLDER'S SUSPENSION/ CANCELLATION/ FORFEITURE OF TRE CERTIFICATE: 168
20.17. DISPOSAL OF ASSETS COMPRISING BASE MINIMUM CAPITAL AND PROCEEDS OF SHARES OF EXCHANGE HELD IN THE BLOCKED ACCOUNT THEREOF: 168
20.18. VERIFICATION OF INVESTORS' CLAIMS, INSPECTION OF BOOKS & RECORDS AND CONDUCTING OF ENQUIRY: 169
20.19. RESTORATION OF TRE CERTIFICATE: 169
20.20. DISCIPLINARY POWERS OF THE BOARD: 169
20.21. GENERAL……169

Chapter 21: DEFAULT MANAGEMENT IN RESPECT OF TRE CERTIFICATE HOLDERS/ BROKERS REGULATIONS 171

21.1. DEFINITIONS: 171
21.2. SUSPENSION ON ACCOUNT OF SETTLEMENT FAILURE OR FAILURE TO PAY OTHER AMOUNTS171
21.3. CLOSING OUT OF UNSETTLED AND OPEN POSITIONS: 171
21.4. DECLARATION AS DEFAULTER: 171
21.5. CONSEQUENCES OF DEFAULT: 172
21.6. COMPOSITION AND FUNCTIONS OF THE DEFAULT COMMITTEE: 172
21.7. SETTLEMENT OF CLAIMS: 173
21.8. BUSINESS WITH DEFAULTER FORBIDDEN: 174
21.9. RE-ADMISSION OF A DEFAULTER: 174
21.10. CONFLICT RESOLUTION: 174
21.11. OVERRIDING EFFECT:……174

Chapter 22: BROKERS' OFFICE/BRANCH OFFICE REGULATIONS 175

22.1. DEFINITIONS: 175
22.2. ELIGIBILITY CRITERIA FOR OPENING OFFICE(S) OR BRANCH OFFICE(S): 175
22.3. PROCEDURE FOR OPENING OF OFFICE/BRANCH OFFICE: 175
22.4. ELIGIBILITY FOR THE PERSON TO BE APPOINTED AS BRANCH HEAD OF THE SECURITIES BROKER'S OFFICE/BRANCH OFFICE: 176
22.5. GRANT OF CERTIFICATE OF REGISTRATION: 176
22.6. OBLIGATIONS OF A SECURITIES BROKER WITH RESPECT TO OFFICE/BRANCH OFFICE: 176
22.7. OFFICE(S)/BRANCH OFFICE(S) OF A SECURITIES BROKER: 178
22.8. SUSPENSION, CANCELLATION OF REGISTRATION ETC. BY THE EXCHANGE: 178
22.9. SUSPENSION OR SHIFTING/CLOSURE OF OFFICE(S)/BRANCH OFFICE(S) BY THE SECURITIES BROKERS: 178
22.10. INSPECTION OF RECORDS AT OFFICE(S)/BRANCH OFFICE(S) AND OFFSITE MONITORING: 178

Chapter 22A: REGULATIONS GOVERNING OPENING AND OPERATIONS OF ACCOUNT FACILITATION/ CUSTOMER HELP CENTERS BY SECURITIES BROKERS 186

22A.1. DEFINITIONS: 186
22A.2. PROCEDURE FOR OPENING OF CENTER: 186
22A.3. ACTIVITIES PERMITTED: 186
22A.4. ACTIVITIES PROHIBITED: 186
22A.5. OBLIGATIONS OF A SECURITIES BROKER WITH RESPECT TO OPENING OF CENTER: 186
22A.6. LIABILITY OF A SECURITIES BROKER FOR ACTS OF EMPLOYEES/ DESIGNATED EMPLOYEES: 187
22A.7. POWERS OF THE EXCHANGE: 187

Chapter 23: SYSTEM AUDIT [REGULATORY COMPLIANCE] REGULATIONS 189

23.1. DEFINITIONS: 189
23.2. PANEL OF AUDITORS: 189
23.3. ELIGIBILITY FOR AUDIT: 189
23.4. SELECTION OF SECURITIES BROKERS: 189
23.5. SCOPE OF AUDIT: 189
23.6. AUDIT PERIOD: 189
23.7. AUDIT PROCESS AND STATUS OF COMPLIANCES: 189
23.8. COSTS: 190
23.9. SPECIAL AUDITS/INVESTIGATIONS: 190

Chapter 24: CENTRALIZED CUSTOMERS PROTECTION COMPENSATION FUND (CCPF) REGULATIONS 195

24.1. DEFINITIONS: 195
24.2. ESTABLISHMENT OF CCPF: 195
24.3. ELIGIBILITY OF CLAIMS: 195
24.4. PROCEDURE FOR SETTLEMENT OF CLAIMS: 195

Chapter 1: PREAMBLE, SHORT TITLE AND COMMENCEMENT

1.1. PREAMBLE:

Pakistan Stock Exchange Limited in exercise of its powers conferred under Section 7 of the Securities Act and Futures Market Act, and with the prior approval of the Securities and Exchange Commission of Pakistan, hereby makes these Regulations.

1.2. SHORT TITLE:

These Regulations shall be known as Pakistan Stock Exchange Limited Regulations ("Regulations").

1.3. COMMENCEMENT:

These Regulations shall come into force on the day of their publication in the official gazette of Pakistan.

1.4. POWERS TO RELAX REGULATORY REQUIREMENT(S):

The Securities and Exchange Commission of Pakistan may, upon its own motion, or on a request of the Pakistan Stock Exchange Limited, relax the operation of any requirement of these Regulations for a person or a class of persons by exceptional circumstances and for reasons to be recorded in the Securities and Exchange Commission of Pakistan.

Chapter 2: INTERPRETATION AND DEFINITIONS

2.1. GENERAL PRINCIPLES OF INTERPRETATION:

In these Regulations, unless the context otherwise requires:

(a) A reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under that legislative provision;
(b) The singular includes the plural and vice versa;
(c) A reference to an individual or a person includes, an individual, a company, corporation, firm, association of persons, trust, authority or government, any entity or a body corporate as the context admits or requires and vice versa;
(d) unless there is anything repugnant in the subject or context, words importing the "masculine gender" shall include the "feminine gender";
(e) A reference to a recital, article, schedule or annexure is to a recital, article, schedule or annexure of or to these Regulations;
(f) A recital, schedule or annexure forms part of these Regulations unless otherwise provided;
(g) A reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, notated, restated or replaced from time to time;
(h) Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
(i) A reference to a matter being "to the knowledge" of a person means that the matter is to the best of the knowledge and belief of that person after making reasonable inquiries in the circumstances;
(j) The capitalized terms used in these Regulations shall have the same meaning as given to them in these Regulations. However, words and expressions used but not defined in these Regulations shall, unless there is anything repugnant in the subject or context, have the same meanings as are ascribed to them in the Companies Ordinance, the Companies Act, the Securities Act, the Futures Market Act, the Demutualization Act and any rules or regulations made thereunder, any circulars or directions issued by the Commission or other applicable law for the time being in force;
(k) The headings in these Regulations are for convenience only and do not affect interpretation of any provisions of these Regulations;
(l) A construction that furthers the object or purpose of any of the provisions of these Regulations shall be preferred over any other construction of such provisions;
(m) A reference to any power of the Exchange shall include the powers of the Board or powers delegated by the Board to any officer or Committee of the Exchange;
(n) Gregorian calendar shall be used whenever counting days, months or years mentioned in these Regulations;
(o) The term 'day(s)' shall mean calendar day(s), unless specifically stated as working, trading or settlement day(s) when the exchange is open for business in Pakistan;
In case any action or requirement under these regulations falls due on the day on which the Exchange is closed for business, as announced by the Exchange, the first trading day following the holiday(s) of the Exchange shall become applicable.
(p) The terms and phrases used herein without a specific definition shall have the meaning in accordance with current trade practice;
(q) All existing regulations of the Exchange shall stand repealed. However, repeal of such regulations shall not affect any act or omission committed under such regulations when they were in force. Any circular, notification, order or exemption issued, made or granted under the repealed Regulations shall have effect as if had been issued, made or granted under the corresponding provision of these Regulations. Any official appointed and anybody elected or constituted under any repealed Regulations shall continue and shall be deemed to have been appointed, elected or constituted, as the case may be, under the corresponding provision of these Regulations. Any document referring to any Regulation hereby repealed shall be construed as referring, as far as may be, to these Regulations, or to the corresponding provision of these Regulations;
(r) Where any communication, decision, agreement, arrangement or contract is not in conformity with these Regulations, then these Regulations shall take precedence;
(s) Where any provision of these Regulations contradicts any provisions of the SECP Rules and Regulations for the time being in force, such SECP Rules and Regulations shall take precedence.

2.2. APPLICABILITY:

Unless provided otherwise, these Regulations shall apply to the Board, all employees, Securities Brokers and their clients, constituents, TRE Certificate Holders, shareholders, issuers and offerors of listed securities, Listed Companies, Professional Clearing Member and general public dealing with the Exchange in any manner and capacity in respect of all transactions undertaken on any of the trading platforms or facilities provided by the Exchange.

2.3. SEVERABILITY:

If any provision of these Regulations is held by any court, tribunal or other regulatory authority to be unenforceable or contrary to any law, rules, regulations, circulars, notifications, judicial decisions then such provision shall be deemed to be severed from these Regulations, however, it shall not affect the enforceability or validity of the remaining provisions of these Regulations which shall continue to be in force and apply.

2.4. GENERAL DEFINITIONS:

In these Regulations, unless there is anything repugnant in the subject or context:

i.	**All Markets**	means the different markets provided by the Exchange and are governed under these Regulations which include Ready Delivery Contract Market, Deliverable Futures Contract Market, Single Stock Cash-Settled Futures Contract Market, Stock Indices Futures Contract Market, Index Options Market, Debt Securities Market and any other market which the Board may provide for with the prior approval of the Commission and individually referred to as a "Market";
ii.	**Articles**	means the Articles of Association of the Exchange;
iii.	**Asset Management Company (AMC)**	shall have the same meaning as ascribed thereto under the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
iv.	**Authorized Participant (AP)**	means a company specified under clause 12.3.2.1. of these Regulations, appointed by the AMC under the Authorized Participant Agreement and obligations and responsibilities of whom are also specified in the Constitutive Documents and Chapter 16 of these Regulations;
v.	**Authorized Participant Agreement (APA)**	means an agreement entered into between the Authorized Participant and the Asset Management Company setting out the roles and responsibilities of each party and includes, among other things, the terms and procedures to be adopted by the AMC and AP for the issuance and redemption of creation units. Minimum contents of the Authorized Participant Agreement are specified in Annexure-A attached to chapter 16 relating to ETFs of these Regulations;
vi.	**Deleted**	
vii.	**Bank Guarantee**	means a Guarantee issued by a bank as mentioned below and deposited by a Securities Broker in the form acceptable to the Exchange in order to fulfill their BMC requirements, provided that such Guarantees are issued by such banks which meets the following criteria for this purpose. The Bank: (i) is duly licensed to carry on banking business in Pakistan under the Banking Companies Ordinance, 1962 (LVII of 1962), or, being a statutory corporation, it is otherwise entitled to carry on banking business under the law it is created; (ii) has been allocated minimum credit rating of 'A'. Provided that, where a bank has been allocated credit rating of 'A', the maximum amount of such Guarantee per Securities Broker is limited up to Rs.400 million, whereas in case of 'AA' or above credit rated bank, the maximum amount of such Guarantee per Securities Broker is limited up to Rs.1.0 billion; and The Exchange shall maintain a list of banks which satisfy the aforementioned eligibility criteria for issuing the Bank Guarantees acceptable to the Exchange for satisfying BMC requirements.
viii.	**Base Minimum Capital (BMC)**	means the collateral deposited and/or maintained by the Securities Broker with the Exchange for its eligibility to trade through the Trading System to be calculated/prescribed as per Schedule-I annexed to chapter 19 of PSX Regulations;
ix.	**Deleted**	
x.	**Blank Sale**	means a sale by a Securities Broker on its proprietary account or on client's account when the Securities Broker or client does not own shares respectively at the time of sale, or the sale does not constitute a sale with Pre-Existing Interest, or is a sale without entering into a Securities Lending and Borrowing Contract to meet delivery requirements on settlement date;
xi.	**Blocked Account**	means a CDC account opened and maintained by the Exchange in accordance with clause (c) of sub-section (1) of section 5 of the Demutualization Act;
xii.	**Board**	means the Board of Directors of the Exchange;
xiii.	**Book Building**	means a process undertaken to elicit demand for securities offered for sale as prescribed under Public Offering Regulations, 2017 framed by the Commission and as amended from time to time;
xiv.	**Book Entry Security**	shall have the same meaning as ascribed thereto in the Central Depositories Act, 1997 and the CDC Regulations made thereunder;

xv.	Broker Clearing Member (BCM)	shall have the same meaning as ascribed thereto in the NCCPL Regulations 2003;
xvi.	CCPF	means the Centralized Customers Protection Compensation Fund established and operated in accordance with the Customers Compensation Fund (Establishment and Operations) Rules, 2017 and Centralized Customer Protection Compensation Fund Regulations, 2017.
xvii.	CDC	means the Central Depository Company of Pakistan Limited and its successors in interest;
xviii.	CDC Regulations	means Central Depositary Company of Pakistan Limited Regulations for the time being in force;
xix.	CDS	means the Central Depository Systems established and operated by the CDC;
xx.	Central Depository	shall have the same meaning as ascribed thereto under the Securities Act;
xxi.	CHPF	means the Clearing House Protection Fund of the Exchange governed and operated by the Trustees of CHPF Trust under its Trust Deed and regulations, if any;
xxii.	Clearing Day	means the clearing day fixed by the Exchange from time to time;
xxiii.	Clearing House	means the Clearing House established and operated by the Exchange;
xxiv.	Closing Price	means the price determined as per methodology prescribed for different markets under Chapter 19 of these Regulations;
xxv.	Commission	means the Securities and Exchange Commission of Pakistan;
xxvi.	Companies Act	means the Companies Act, 2017 (XIX of 2017);
xxvii.	Companies Ordinance	means the Companies Ordinance, 1984 (XLVII of 1984);
xxviii.	Connected Person	means in relation to a natural person, a spouse, real, step or half sibling, lineal ascendant or descendant of such person, a partner, promoter or substantial shareholder of an undertaking, company or body corporate of which such person is also a partner, promoter, substantial shareholder or any undertaking, company or body corporate in which such person is a partner, promoter, substantial shareholder or director, in relation to a legal person a Connected Person means an undertaking, company or body corporate which is a holding, subsidiary or associated company of such legal person;
xxix.	Contract	means standardized contract eligible for trading as a single or multiple thereof in the respective Markets on the terms and conditions defined under the relevant chapters of these Regulations as amended from time to time;
xxix.A.	Contract Specifications	for Futures Market and Options Market mean the specifications of a Contract such as the name and code of Contract, Contract Multiplier or Contract Size, mode of settlement, dates of opening, closing and settlement, trading hours, price interval, moneyness, option styles or exercise styles and other relevant specifications and terms and conditions of each Contract, notified by the Exchange from time to time, on its website and upon opening of such Contract by the Exchange.
xxx.	Corporatization	means the conversion of the Exchange from a company limited by guarantee to a company limited by shares;
xxxi.	CRO	means Chief Regulatory Officer of the Exchange;
xxxii.	Cross Trade	means the trade executed either between the two clients of the same Securities Broker or a client and his Securities Broker's proprietary account through the Trading System;
xxxiii.	Debt Securities or Debt Market Securities	Include Corporate Debt Securities such as Term Finance Certificates (TFCs), SUKUK Certificates Sharia Compliant Bonds, Registered Bonds, Corporate Bonds, Commercial Papers, Participation Term Certificates (PTCs), collateralized Securities and all kinds of instruments of debt and redeemable capital issued by any Pakistani or foreign company or corporation registered in Pakistan;
xxxiv.	Defaulter	means a TRE Certificate Holder declared as a defaulter by the Exchange under Chapter 21 (Default Management in respect of TRE Certificate Holders/ Brokers Regulations);
xxxv.	Deliverable Futures Contract Market	means a market made available by the Exchange for trading in Deliverable Futures Contracts as stipulated in Chapter 13 (Governing Deliverable Futures Contract Market Regulations);
xxxvi.	Demutualization Act	means the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (XV of 2012);

xxxvii.	Demutualization Regulations	means Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012 framed by the Commission under Section 23 of the Demutualization Act;
xxxviii.	Derivative Contracts	means Deliverable Futures Contract, Single Stock Cash Settled Futures Contract, Stock Index Futures Contract and Index Options Contract;
xxxix.	Designated Market Maker	shall mean a company appointed by the Exchange under Chapter 12 of these Regulations to function as the Market Maker in terms of Designated Market Maker Agreement.
xl.	Downtick	means the price of a security below the last executed price of that security transacted through the Trading System;
xli.	ETF	means Exchange Traded Fund, which is a listed open-ended fund structured as a Collective Investment Scheme, with investment objectives as stated in offering document duly approved by the Commission. The ETF generally may refer to benchmark index with the objective of either mimicking or outperforming the returns of the Benchmark Index. ETF issues and redeems creation units in kind through APs only;
xlii.	ETF Unit	means a unit of open-ended scheme listed and traded on the Exchange;
xliii.	Exchange	means the Pakistan Stock Exchange Limited including, where the context so permits, Board, any committee, sub-committee, employee or officer to whom any function of the Pakistan Stock Exchange Limited may for the time delegated;
xliv.	Exposure	means at any point in time, security-wise and client-wise cumulative net unsettled amount of purchases and sales, of a Securities Broker (including proprietary trades) under each Markets determined in accordance with NCCPL Regulations;
xlv.	Free-Float	means the number of ordinary shares readily available for trading through the Exchange which comprises of total outstanding ordinary shares excluding the shares held by the following categories/persons: (i) Government holdings; (ii) Directors, Sponsors and Senior Management Officers and their Associates; (iii) (Shares in physical form; (iv) Associate Companies or undertakings and Group Companies (cross holdings); (v) Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course; (vi) Treasury Shares; and (vii) Any other category that are barred from selling at the review date. **Explanation:** For the purpose of this definition: i. "Sponsor" has the same meaning as defined in the Public Offering Regulations, 2017; and ii. "Senior Management Officer" and "Associate" have the same meaning as defined in the Securities Act.
xlvi.	Futures Contract	Include: (a) Deliverable Futures Contract, Single Stock Cash-Settled Futures Contract, Stock Indices Futures Contract and Index Option Contract; and (b) any of the following contracts: (i) an arrangement where one party agrees to enter into a contract to deliver a specified number of securities or financial instruments, to another party at a specified future time and at a specified price payable at that time; or (ii) where the parties agree to discharge their obligations under the contract by settling the difference between the value of a specified number of securities or financial instruments agreed at the time of the making of the contract and at a specified future time; or (iii) such other futures contract or class of futures contracts or derivative contracts as prescribed by the Commission, and includes options on contracts of the kind described in paragraph (i), (ii) or (iii); Provided these contracts are permitted to be traded on the Exchange under these Regulations.

xlvi.A.	Futures Eligibility Criteria	means the eligibility criteria for selection of eligible securities, as prescribed by the Exchange and duly approved by the Commission, for trading in the following markets: (a) Deliverable Futures Contract Market and (b) Single Stock Cash Settled Futures Contract Market;
xlvii.	Futures Market	means a market where Futures Contracts are traded and includes Deliverable Futures Contract Market, Single Stock Cash-Settled Futures Contract Market, Stock Indices Futures Contract Market and Index Option Contract Market;
xlviii.	Futures Market Act	means the Futures Market Act, 2016 (Act XIV of 2016);
xlix.	**Deleted**	
l.	Haircut	means the percentage rates on which the eligible forms of collaterals are discounted for valuation purpose;
li.	House Account	means the house account as defined and prescribed under the CDC Regulations as amended from time to time;
lii.	Impact Cost (IC)	means the amount of adverse price movement in fulfilling an order size of Rs. 500,000/- or any other amount as prescribed by the NCCPL with the prior approval of the Commission, during the last six months. The IC is calculated on a real time basis and is adjusted for every change in the order book due to an order size of Rs.500,000/- or any other amount prescribed in the above manner;
liii.	Index Options Market	means a Market made available by the Exchange for trading in Option Contracts as stipulated in Chapter 15 (Index Option Contracts Market Regulations);
liv.	Initial Shareholder	means the legal owner of the shares of the Exchange on the date of Corporatization, as defined under the Act;
lv.	Initial TRE Certificate Holder	means any person who has been issued a TRE Certificate under section 5(1) (e) of the Act;
lvi.	Investor	means a person trading in the Securities on the Trading System through a Securities Broker under the terms and conditions specified in these Regulations;
lvii.	Issuer	shall mean a public limited Company or a body corporate that has issued or intends to issue securities to the General Public under Part VIII of the Securities Act;
lviii.	Leveraged Market	means the market for offering any of the Leverage Market Contracts as defined under the Securities (Leveraged Markets and Pledging) Rules, 2011;
lix.	Licensing Regulations	means the Securities Exchanges (Licensing and Operations) Regulations, 2016 and Futures Exchanges (Licensing and Operations) Regulations, 2017;
lx.	Listed Company	means a company or a body corporate whose securities are listed at the Exchange under these Regulations;
lxi.	Listed Security	means any security as defined under the Securities Act and which is accepted for listing on the Exchange in accordance with these Regulations;
lxii.	Margin Eligible Security	shall have the same meaning as ascribed thereto in the NCCPL Regulations;
lxiii.	Mark-to-Market Loss or MtM Loss	means an amount payable by a Securities Broker at any point in time during a trading day on account of trades executed on behalf of its clients, as well as its proprietary unsettled position in any security, to the Clearing House or NCCPL due to the difference between the Transaction Price, on trade to trade basis, of the unsettled position in each security and the Closing Price of that security. In the case of Index Options Contracts, Mark to Market Loss shall mean an amount payable by a Securities Broker at any point in time during a trading day on account of unsettled short positions of its clients, as well as its proprietary unsettled short positions in Options Contracts as Option Writer and/or Option Seller, due to the difference between the Exercise Price of the Option Contract and the corresponding Daily Settlement Price determined in accordance with the Regulations Governing Index Options Contracts;
lxiv.	Mark-to-Market Profit or MtM Profit	means amount receivable by a Securities Broker at the end of each trading day on account of contracts executed on behalf of its clients, as well as its proprietary unsettled position in any security, from Clearing House or NCCPL due to the difference between Transaction Price, on trade to trade basis, of the unsettled position in each security and the Daily Settlement Price of that Security. In the case of Index Options Contracts, Mark to Mark Profit shall mean an amount receivable by a Securities Broker at any point in time during a trading day on account of Option Contracts purchased on behalf of its clients, as well as its proprietary buy positions in the Option Contracts as an Option holder/ buyer, due to the difference between the Exercise Price of the Option Contract and the

		corresponding Daily Settlement Price determined in accordance with these Regulations governing Index Option Contracts;
lxv.	MT Transaction	shall have the same meaning as ascribed thereto in the NCCPL Regulations;
lxvi.	NCCPL	means the National Clearing Company of Pakistan Limited;
lxvii.	NCCPL Regulations	means the Regulations framed by NCCPL from time to time with regard to its functions and operations of NCSS;
lxviii.	NCSS	means the National Clearing and Settlement System of the NCCPL established and operated by NCCPL under NCCPL Regulations and NCSS Procedures made thereunder;
lxix.	Negotiated Deal	means a deal which has been negotiated between two parties outside the Trading System and reported through the interface provided by the Exchange, which may also be called as an Off Market Transaction;
lxx.	Non-Broker Clearing Member	shall have the same meaning as ascribed thereto in the NCCPL Regulations;
lxx.A.	Online Only Securities Broker	shall mean a Securities Broker categorized as Online Only and licensed under the Securities Brokers (Licensing and Operations) Regulations, 2016 framed by the Commission and as amended from time to time. Provided that Online Only Securities Broker shall be allowed to trade in Ready Delivery Contract Market and Deliverable Futures Contract Market. Provided further that the regulations applicable on Trading Only Securities Broker category shall also be applicable on Online Only Securities Broker, except where specifically mentioned by the Commission and in these Regulations;
lxxi.	PMEX	means the Pakistan Mercantile Exchange Limited;
lxxii.	Pre-Existing Interest	means: i. An earlier purchase in the same settlement or in a different settlement which will settle prior to the settlement of the sale transaction of the same UIN in the same security; or ii. An open position in Margin Trading or Margin Financing Market as a financee on account of same UIN of same security. In addition to the Pre-Existing Interest as defined above, the following shall also qualify as Pre-Existing Interest exclusively for: iii. Sale of ETF units by the Market Makers for such ETF: a. an earlier purchase of the stocks forming part of the underlying basket of an ETF in equivalent quantity and amount in the same settlement or in a different settlement which will settle prior to the settlement of the sale of ETF units; or b. availability of stocks forming part of the underlying basket of an ETF in equivalent quantity and amount; or iv. Sale of any one or more of the stocks forming part of the underlying basket of an ETF by the Market Makers for such ETF: a. an earlier purchase of the ETF units in the same settlement or in a different settlement which will settle prior to the settlement of the sale of any one or more of the stocks forming part of the underlying basket of an ETF; or b. availability of ETF units. Explanation: Pre-Existing Interest of a UIN in a security shall be determined based on the UIN perfect matching mechanism as prescribed by CDC and NCCPL.
lxxiii.	Pre-Trade Margin	mean the initial margin payable in advance by a Securities Broker at order entry level in the Trading System;
lxxiv.	PRIDE	is an acronym for 'Public Offerings Revolutionized through an Integrated and Digitized Experience'. It is a portal used by Companies, Consultants/Lead Managers and Advisors on behalf of companies for submission of listing application and documentation to the Exchange.
lxxiv.A.	Professional Clearing Member (PCM)	shall have the same meaning as ascribed thereto in the Professional Clearing Members Regulations, 2020 framed by the Commission and as amended from time to time.
lxxv.	PSX Shareholder	means the legal owner of the shares of the Exchange at any time;

lxxvi.	Ready Delivery Contract Market	means a market where Ready Delivery Contracts are traded;
lxxvii.	Ready Delivery Contract or Ready Market Contract	means a trade in a Security executed between a buyer and a seller in the Ready Delivery Contract Market established under these Regulations and ready for settlement either on T+1 or T+2 Settlement Day as specified by the Exchange and shall not include Derivative Contracts;
lxxviii.	Regulatory Affairs Committee (RAC)	means a committee constituted by the Board with prior approval of the Commission pursuant to Licensing Regulations;
lxxix.	Regulatory Affairs Division (RAD)	means a division of the Exchange dealing with the regulatory functions of the Exchanges;
lxxx.	Sale	means a sale of securities by a Securities Broker, on its proprietary account or on client's account, when at the time of sale, the Securities Broker or the client, as the case may be, either owns the securities or has Pre-Existing interest.
lxxxi.	Schedule of Charges	means the schedule of deposits, fee, contribution, charges and any other sums specified by the Exchange along with time for payment, and any other relevant terms in respect thereof with the approval of the Commission from time to time;
lxxxii.	SECP Rules/ Regulations	means and include all the regulations, notifications, SROs and circulars issued by the Commission from time to time;
lxxxiii.	Securities Act	means the Securities Act, 2015 (Act No. III of 2015);
lxxxiv.	Securities Broker	means a public or a private company, other than a Single Member Company, which is a TRE Certificate Holder of the Exchange licensed as a Securities Broker under Securities Brokers (Licensing and Operations) Regulations, 2016 to undertake Securities Broker activity under the Securities Act and permitted to undertake Futures Broker activity for futures contracts based on securities and financial instruments in terms of section 52 of the Futures Market Act;
lxxxv.	Securities Rules	means the rules framed under the Securities Act by the Commission;
lxxxvi.	Short Sale	means a sale by a Securities Broker, on its Proprietary Account or on Client's Account, when the Securities Broker or client does not own securities respectively at the time of sale or the sale does not constitute a sale with Pre-Existing Interest, but the Securities Broker or the client, as the case may be, has SLB Contract executed through SLB Market at NCCPL in accordance with NCCPL Regulations / Procedures to meet delivery requirements on the settlement date;
lxxxvii.	SIFC	means Stock Index Futures Contract executed through the Trading System of the Exchange;
lxxxviii.	SLB Contract	means the Securities Lending and Borrowing Contract executed through NCSS as ascribed thereto in the NCCPL Regulations;
lxxxix.	Stock Index Futures Contract	means a derivative contract executed through the Trading System subject to these Regulations;
xc.	Stock Index Futures Contract (SIFC) Market	means a market made available by the Exchange for trading in Stock Index Futures Contracts as stipulated in Chapter 17 (Stock Index Futures Contract Market Regulations);
xci.	Sub-Account	means a sub -account as defined under the Central Depositories Act, 1997;
xcii.	T+2 or T+1	Is an abbreviation that refers to the settlement date of Security trades, where T stands for trade day on which trade takes place. The numbers 1 and 2 denote the number of trading days after the trade day at which the settlement will take place;
xciii.	Theoretical Price	means the Closing Price of a Security for Deliverable Futures Contract and/or Single Stock Cash-Settled Futures Contracts Markets, if there is no trading in such Security in the respective Market during whole trading day, to be determined as per methodology prescribed under Chapter 19 (Risk Management Regulations);.
xciv.	Tick Size	means the minimum price increase or decrease at which trades can be made on the Trading System;
xciv.A.	Trading and Clearing Securities Broker	shall mean a Securities Broker categorized as Trading Clearing and licensed under the Securities Brokers (Licensing and Operations) Regulations, 2016 framed by the Commission and as amended from time to time.
xciv.B.	Trading and Self-Clearing Securities Broker	shall mean a Securities Broker categorized as Trading and Self-Clearing and licensed under the Securities Brokers (Licensing and Operations) Regulations, 2016 framed by the Commission and as amended from time to time.
xcv.	Trading Day	means the day on which the Exchange is open for trading of securities;

xcv.A.	Trading Only Securities Broker	shall mean a Securities Broker categorized as Trading Only and licensed under the Securities Brokers (Licensing and Operations) Regulations, 2016 framed by the Commission and as amended from time to time.
xcv.B.	Trading System	means the electronic trading system of the Exchange which also includes its allied computer applications and software established by the Exchange from time to time;
xcv.C.	Trading Terminal	means trading workstation(s) of a Securities Broker comprising of computer terminal(s) and all related equipment(s) connected with the Trading System for the purpose of execution of orders and their settlement, and all other actions associated with the trading and settlement of orders/trades;
xcvi.	Transaction Price	means the price at which the trade is executed on the Trading System;
xcvii.	TRE Certificate	means a Trading Right Entitlement Certificate issued by the Exchange including the certificate issued to the existing members on the date of corporatization; evidencing right of the TRE Certificate Holder to apply for registration as a Securities Broker in accordance with the Securities Brokers (Licensing and Operations) Regulations, 2016 as amended from time to time;
xcviii.	TRE Certificate Holder	means any person who is issued a TRE Certificate by the Exchange upon Corporatization under Section 5 of the Act, or purchases or acquires such TRE Certificate under Section 16 of the Act or is issued a fresh TRE Certificate in accordance with the provisions of the Act;
xcix.	**Deleted**	
c.	Unique Identification Number (UIN)	shall have the same meaning as ascribed thereto in the NCCPL Regulations;
ci.	Uptick	means the price of a Security above the last executed price of that Security transacted through the Trading System;
cii.	VaR or Raw VaR	mean the maximum amount of money that can be lost on a portfolio over a given period of time, with a given level of confidence as determined by the Risk Meter operated by NCCPL;
ciii.	Working Day	means any day other than Saturday, Sunday and public holidays;
civ.	Zero-Tick	Means the price of a Security without any difference from the last executed price of that Security transacted through the Exchange;
cv.	Zero-Plus Tick	means the price without any difference in the previous price of a trade of a security, which was an Uptick, executed through the Trading System.

Chapter 3: PAKISTAN STOCK EXCHANGE LIMITED

3.1. FIT & PROPER CRITERIA FOR DIRECTORS OF THE EXCHANGE:

3.1.1. Any person desiring to act as a Director on the Board or who is nominated as a member of any committee constituted by the Exchange or the Board shall be required to fulfill the "Fit & Proper Criteria set out in the Licensing Regulations. The decision of the Exchange in this regard shall be final and binding on the person desiring to become a Director on the Board.

3.2. CONFLICT OF INTEREST:

3.2.1. It is the responsibility of each Director to act in the best interests of capital market and Investors and to refrain from any conduct that may be considered to be adverse or contrary to capital market and interests of Investors.

3.2.2. Each Director shall disclose to the Board before a Board meeting, any conflict of interest with respect to any item forming part of agenda of such meeting.

3.2.3. Director shall not participate in any deliberation, decision making, proceeding, investigation or disciplinary action by the Exchange in the case of a conflict of interest.

Explanation: A "conflict of interest" exists when a Director's private interest is inconsistent with or opposed to, or gives the appearance of being inconsistent with or opposed to, capital market and Investors interests. Such conflicts of interest may arise not only as a result of a direct personal interest, but also indirectly as a result of the personal interests of a member of his family or organizations affiliated with such Director.

3.3. POWERS OF THE EXCHANGE:

3.3.1. The Exchange shall have such powers as are conferred on it by or under:

(a) The Companies Act;
(b) The Securities Act and Securities Rules, Regulations made or continued thereunder;
(c) The Futures Market Act and the rules and regulations made or continued thereunder;
(d) The Demutualization Act and Demutualization Regulations made thereunder;
(e) The Memorandum and Articles of Associations of Exchange;
(f) These Regulations;
(g) The directions, decisions, notices, guidelines, clarifications and circulars issued by the Commission from time to time;
(h) The directions, decisions, notices, guidelines, clarifications and circulars issued by the Exchange from time to time for the effective administration of these Regulations;
(i) Any other law for the time being in force.

3.3.2. Unless contrary intention appears, powers conferred on the Exchange by or under these Regulations shall be exercised in such manner as the Board may from time to time prescribe in this behalf.

The Exchange shall have the power to implement and amend these Regulations subject to prior approval from the Commission.

3.4. DEPOSITS, FEE, CONTRIBUTION, CHARGES AND OTHER SUMS:

3.4.1. In consideration for the facilities and services provided by the Exchange; the TRE Certificate Holders, listed companies and other person shall pay the deposits, fee, contribution and other sums specified by the Exchange in the Schedule of Charges within the time and in the manner stipulated in the Schedule.

3.4.2. The TRE Certificate Holders and others shall be required to pay for the technical services provided by the Exchange in accordance with the Schedule for Technical Service Charges and any amendment made thereto as notified by the Exchange from time to time on its website.

3.4.3. Such deposits, as specified in the Schedule of Charges may be utilized by the Exchange for any purpose whatsoever and shall be refundable (if permitted in accordance with the Schedule of Charges) by the Exchange upon cancellation of Designated Market Maker Agreement. However, the refund shall be made after making deductions on account of fee, contributions, fine, penalties and other sums payable by the deactivating TRE Certificate Holder under or pursuant to these Regulations or losses, damages, costs and expenses suffered or incurred by the Exchange due to failure of the deactivating TRE Certificate Holder to comply with these Regulations during the period of Market Making Agreement.

3.4.4. The Exchange shall notify any change in respect of Schedule of Charges and/or Schedule for Technical Service Charges prior to its implementation.

3.5. DESIGNATED TIME SCHEDULE:

3.5.1. The Exchange shall notify on its website the designated time schedule in relation to trading and other support system services in accordance with these Regulations.

3.5.2. The Exchange shall promptly notify any changes to the designated time schedule prior to its implementation.

3.5.3. The Exchange may in its sole discretion extend or curtail any time for any activity specified in the designated time schedule with the approval of the Managing Director of the Exchange.

3.6. HOURS OF OPERATION:

Normal hours of operation of the Exchange for trading through Trading System shall be notified by the Exchange with the approval of the Managing Director of the Exchange from time to time.

3.7. DISSEMINATION OF RELATED INFORMATION BY THE EXCHANGE TO OTHER MARKET ENTITIES AND GENERAL PUBLIC:

3.7.1. The Exchange shall, immediately on the same day, disseminate the appropriate information to the CDC, NCCPL, all other Stock Exchanges, the PMEX and the Commission; relating to imposition of fine, voluntary switching off of the Trading Terminals upon the request of Securities Broker, suspension, cancellation, forfeiture of TRE Certificate, declaration of default, non-renewal or cancellation of registration as a Securities Broker by the Commission, suspension of any or all of the privileges of TRE Certificate Holder including restriction and/or suspension of Trading Terminals or any similar penal action(s) taken against such TRE Certificate Holder by the Exchange under these Regulations for taking required actions, if any, at their end. The Exchange shall also place such information on its website for the general public preferably on the same day on which such action is taken, but not later than the time of opening of market on the next trading day.

The Exchange shall also make available on its website and update every 30 days, a consolidated report in respect of disciplinary actions taken against TRE Certificate Holders by the Exchange, CDC, NCCPL and SECP during past three years.

Provided that prior to issuance of notice for deactivation of a TRE Certificate Holder as a Securities Broker, the Exchange shall ensure that no settlement is pending against such Securities Broker.

Furthermore, the Exchange shall also immediately publish public notice(s) regarding cancellation or forfeiture of TRE Certificate and declaration of default against such Securities Broker in widely circulated newspapers of Pakistan in Urdu and English languages.

3.7.1A. The Exchange shall inform the Commission and the banks, as per the latest list of bank accounts maintained with PSX by the TRE Certificate Holder, regarding suspension, cancellation or forfeiture of TRE Certificate of such TRE Certificate Holder. Further, in case of cancellation, forfeiture or declaration of a TRE Certificate Holder as defaulter, the Exchange, while referring its case to the Commission, shall request the Commission to take appropriate action(s).

3.7.2. For the purpose of effective and timely implementation of above actions, the Exchange in case of restriction on Trading Terminals for closing-out the open outstanding positions of a Securities Broker shall specify and inform CDC and NCCPL about the actions which are required to be taken by them against such Securities Broker.

3.7.3. Where the cause of suspension or restriction of complete Trading Terminals or trading rights of a TRE Certificate Holder is removed to the satisfaction of the Exchange, the Exchange shall give its consent to CDC and NCCPL for restoration of their respective services offered to such TRE Certificate Holder.

3.7.4. On the request of a Securities Broker, the Exchange may, within 10 working days of the receipt of such request, allow reactivation of Trading Terminal(s) of such Securities Broker deactivated due to the following reasons:

(a) Failure to submit capital adequacy certificate within the stipulated time; provided that the Securities Broker has submitted the capital adequacy certificate to the Exchange; or

(b) On request of a Securities Broker for closure of its business activities for a certain period.

3.8. SHARING OF INFORMATION AMONGST THE COMMISSION, EXCHANGE, CDC AND NCCPL:

3.8.1. In case of suspension, cancellation or forfeiture of TRE Certificate, default of Securities Broker or expiry of Securities Broker registration, the Exchange may request the Commission, CDC, NCCPL to provide any relevant requisite information.

3.8.2. The Exchange, CDC and NCCPL under intimation to the Commission, shall exchange information relating to the latest status of their Securities Brokers, Broker Participants and Clearing Brokers with each other at least on a six-monthly basis.

3.9. DISSEMINATION OF MARKET INFORMATION TO GENERAL PUBLIC:

3.9.1. The Exchange may from time to time disseminate such information to the general public as it deems appropriate.

3.9.2. Without prejudice to the generality of Regulation 3.9.1, the Exchange may publish the following information on a daily basis:

(a) Daily Quotations
(b) Off Market Transactions Report
(c) Daily Market Summary Report

3.10. EXCHANGE'S POWER TO TAKE CONSEQUENTIAL ACTIONS AGAINST A UIN ON ITS NON-COMPLIANCE WITH NCCPL REGULATIONS:

3.10.1. NON OR PARTIAL PAYMENT OF CAPITAL GAIN TAX BY A TRE CERTIFICATE HOLDER ON ITS OWN OR CLIENTS' BEHALF TO NCCPL UNDER NCCPL REGULATIONS:

In case NCCPL notifies to the Exchange regarding restriction of a UIN due to default on payment of capital gain tax ("CGT"), either fully or partially, the Exchange shall restrict such UIN from taking new position in any Market. However, squaring-up of open position(s) shall be allowed for such restricted UIN.

Upon removal of restriction by NCCPL and receipt of notice from NCCPL confirming the same, the Exchange shall remove restriction imposed on such UIN.

3.10.2. *FAILURE TO DEPOSIT MARK-TO-MARKET LOSSES AND/OR OTHER APPLICABLE MARGINS IN MARGIN TRADING SYSTEM:*

In case NCCPL notifies the Exchange regarding suspension of a UIN, acting as financee in the MTS, due to default on payment of Mark-to-Market Losses and/or other applicable margins in MTS within stipulated time, the Exchange shall restrict such UIN from taking new position in any market.

Upon removal of suspension by NCCPL and receipt of notice from NCCPL confirming the same, the Exchange shall remove restriction imposed on such UIN.

3.10.3. *RESTRICTION DUE TO NON-PROVISION OF CONTACT DETAILS IN UIN REGISTRATION DETAILS OF NCSS:*

In case NCCPL notifies to the Exchange regarding restriction of a UIN due to non-provision of contact details or provision of invalid contact details in UIN registration details of NCSS as provided in the NCCPL Regulations, the Exchange shall restrict such UIN from taking new position in any Market except sale transactions and squaring-up of open position(s).

However, upon removal of cause of action against such UIN by NCCPL and receipt of notice from NCCPL in this regard, the Exchange shall remove restriction imposed on such UIN.

3.10.4. RESTRICTION DUE TO NON-COMPLIANCE OF CKO REGULATIONS, 2017:

In case NCCPL notifies to the Exchange regarding restriction of a UIN due to failure of a Broker and/or its Customer, as the case may be, to meet any requirement and/or timelines under the Centralized Know Your Customer Organization Regulations, 2017 of NCCPL, the Exchange shall restrict such UIN from taking new positions. However, only squaring-up of open position(s) in all markets, including leveraged markets, and selling of securities held in the Sub-Account(s) of the Customer shall be allowed for such restricted UIN.

However, upon receipt of intimation from NCCPL for removal of cause of action against such UIN, the Exchange shall remove restriction imposed on such UIN.

3.11. EXCHANGE'S POWER TO IMPOSE RESTRICTIONS ON A BROKER CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON SUCH BROKER BY CDC AS ITS PARTICIPANT:

3.11.1. In case CDC notifies to the Exchange regarding imposition of restriction on a Securities Broker as its participant, as defined in CDC Regulations, the Exchange shall take consequential restrictive actions against such Securities Broker in line with the restrictions imposed under CDC Regulations.

3.11.2. Upon removal of restriction on such Securities Broker by CDC and receipt of notice from CDC in this regard, the Exchange shall remove consequential restriction imposed on such Securities Broker.

3.12. EXCHANGE'S POWER TO SUSPEND A BROKER CONSEQUENT UPON ITS SUSPENSION BY CDC AS ITS PARTICIPANT:

3.12.1. In case CDC notifies to the Exchange regarding suspension of a Securities Broker as its Participant due to its non-compliance with its regulations concerning the Custody Position or any other provision of CDC Regulations, the Exchange shall also suspend such Securities Broker.

3.12.2. Upon removal of suspension of Securities Broker by CDC and receipt of notice from CDC in this regard, the Exchange shall remove suspension of such Securities Broker.

3.13. EXCHANGE'S POWER TO IMPOSE RESTRICTIONS ON OR SUSPEND A BROKER CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF SUCH BROKER BY NCCPL AS ITS CLEARING MEMBER:

3.13.1. In case NCCPL notifies to the Exchange regarding imposition of restriction on or suspension of a Securities Broker due to breach of any provision of NCCPL Regulations, the Exchange shall take consequential restrictive actions against or suspend such Securities Broker in line with the restrictions imposed or suspension under NCCPL Regulations.

3.13.2. Upon removal of restriction on or suspension of such Securities Broker by NCCPL and receipt of notice from NCCPL confirming the same, the Exchange shall remove consequential restriction imposed on or suspension of such Securities Broker.

3.14. EXCHANGE'S POWER TO IMPOSE RESTRICTIONS ON OR SUSPEND A TRADING ONLY SECURITIES BROKER OR ONLINE ONLY SECURITIES BROKER(S) CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF SUCH SECURITIES BROKER BY PCM OR TRADING AND CLEARING SECURITIES BROKER:

3.14.1. In case PCM or Trading and Clearing Securities Broker notifies to the Exchange regarding imposition of restriction on or suspension of agreement with a Trading Only Securities Broker or Online Only Securities Broker, the Exchange may take consequential restrictive actions against or suspend such Trading Only Securities Broker or Online Only Securities Broker.

3.14.2. Upon removal of restriction on or suspension of such Trading Only Securities Broker or Online Only Securities Broker and receipt of notice confirming the same from PCM or Trading and Clearing Securities Broker, as the case may be, the Exchange shall remove consequential restriction imposed on or suspension of such Trading Only Securities Broker or Online Only Securities Broker.

3.15. EXCHANGE'S POWER TO TAKE APPROPRIATE ACTION AGAINST RELEVANT TRADING ONLY SECURITIES BROKER(S) OR ONLINE ONLY SECURITIES BROKER(S) CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF PCM OR TRADING AND CLEARING SECURITIES BROKER BY CDC AS ITS PARTICIPANT:

3.15.1. In case CDC notifies to the Exchange regarding imposition of restriction on or suspension of PCM or Trading and Clearing Securities Broker as its Participant, the Exchange may initiate appropriate consequential action(s) against the relevant Trading Only Securities Broker(s) or Online Only Securities Broker which have signed agreement with such PCM or Trading and Clearing Securities Broker for providing custodial, clearing and settlement services.

3.15.2. Upon removal of restriction on or suspension of PCM or Trading and Clearing Securities Broker by CDC and receipt of notice from CDC in this regard, the Exchange shall remove consequential action initiated against the relevant Trading Only Securities Broker(s) or Online Only Securities Broker.

3.16. MONITORING COMPLIANCE WITH THESE REGULATIONS:

3.16.1. For the purpose of monitoring compliance with these Regulations, the Exchange may by notice require any other person to whom these Regulations apply including without limitation Securities Broker, TRE Certificate Holder, Issuers, listed companies and their respective directors and, employees to provide any information to the Exchange's reasonable satisfaction that relates to any actions taken or required to be taken under these Regulations.

3.16.2. If the Exchange requires any information to be provided under Regulation 3.16.1 above, the Exchange shall specify in the notice the form and extent of the information required and the date and time by which the information must be provided.

3.16.3. For the purpose of monitoring compliance with these Regulations, the Exchange may by notice require any other person to whom these Regulations apply including without limitation Securities Broker, TRE Certificate Holder, Issuers, listed companies and their respective directors and, employees to permit the Exchange to inspect such person's books, records or system.

3.16.4. If the Exchange requires inspection of books, records or system under Regulation 3.16.3, the Exchange shall specify in the notice:

(a) A description of the books, records or system; and
(b) The date and time (which may be the time at which the notice is given) at which inspection will take place.

3.16.5. If a person receives notice from the Exchange under Regulation 3.16.1 or 3.16.3, such person shall:

(a) provide information or permit inspection of books, records and system in accordance with the notice;
(b) provide such other assistance as the Exchange may reasonably require.

3.16.6. The Exchange may, either on a daily basis or whenever the Exchange deems appropriate for any reason whatsoever, monitor the compliance with any of these Regulations as applicable to any person. If for this purpose, any information is required by Exchange or where the Exchange deems appropriate to inspect any books, records or system of any of such person, without prejudice to any other provision of these Regulations, the Exchange may by notice require such person to provide such information or, as the case may be, permit the Exchange to inspect any such books, records or system. In such cases, the provisions of Regulations 3.16.1 and 3.16.3 will mutatis mutandis apply and will be complied with by such person.

3.16.7. The Exchange's power to seek information and inspect books, records or system is in addition to and not in derogation of any other power or remedy available to the Exchange under these Regulations or any other law for the time being in force.

3.16.8. Where the Exchange deems it appropriate, it may require the TRE Certificate Holders to authorize the relevant official(s) of the Exchange to obtain account balance confirmation of any one or more of client-titled bank account(s) of such TRE Certificate Holder.

3.17. INDEMNIFICATION OF THE EXCHANGE:

The Exchange, its directors including members of the committees constituted by the Board, officers, employees and members of the arbitration panel ("indemnified persons") shall not be liable to, and shall be indemnified and saved harmless at all times by regulated persons and/or the Exchange, as the case may be, from and against any loss, claim, liability, damages, costs, charges, expenses (including expenses borne to settle an action or satisfy a judgement or legal and professional fees and out of pocket expenses paid for attending trials, hearings and meetings whatsoever) sustained or incurred on account of any action including but not limited to enforcement/ disciplinary/ administrative/ executive action done or taken or omitted to be done or taken or decision taken or omitted to be taken in good faith and in the exercise or performance of any function, power or duty conferred or imposed by or under these Regulations or any applicable laws.

Chapter 4: TRADING RIGHTS ENTITLEMENT (TRE) CERTIFICATE

4.1. DEFINITIONS:

4.1.1. In this chapter, unless there is anything repugnant in the subject or context:

(a) "Centralized Gateway Portal" shall have the same meaning as ascribed thereto in the CDC Regulations.
(b) "NRP Rupee Value Account (NRVA)", shall have the same meaning as ascribed thereto in the Foreign Exchange Manual of State Bank of Pakistan;
(c) "Non-Resident Pakistani (NRP)", shall have the same meaning as ascribed thereto in the Foreign Exchange Manual promulgated by State Bank of Pakistan.
(d) "NRVA Information", shall have the same meaning as defined in the CDC Regulations and represents the information received from CDC or a scheduled bank or obtained in any other manner as prescribed in the procedures, by the Securities Broker for the purposes of opening of account of a customer who is a NRP.

4.1A. COMPLIANCE WITH ACT/REGULATIONS:

The TRE Certificate may be issued by the Exchange on such terms and conditions, rules, regulations, procedures or guidelines made hereunder in accordance with the provisions of the Demutualization Act, Securities Act, Futures Market Act, rules and regulations made thereunder including these Regulations as it may determine and the Memorandum of Association and Articles of the Exchange.

4.2. ENTITLEMENT OF TRE CERTIFICATE HOLDER TO TRADE:

Subject to fulfilling the conditions required under these Regulations, the TRE Certificate Holder who are licensed with the Commission as a Securities Broker under the Securities Brokers (Licensing and Operations) Regulations, 2016 shall be eligible to trade on the Exchange and engage in the business of executing trades in Securities for their own account or on account of their clients. The TRE Certificate Holder shall carry out its business in accordance with applicable laws and will give paramount consideration to safeguarding the interest of Investors and general public and protection of the assets of its clients.

4.3. ISSUANCE OF TRE CERTIFICATES BY THE EXCHANGE:

4.3.1. *INITIAL SHAREHOLDERS*:

The Exchange within thirty (30) days of having granted approval under sub-section (2) of Section 4 of the Demutualization Act, shall issue a TRE Certificate to each Initial Shareholder.

4.3.2. *OTHER THAN INITIAL SHAREHOLDERS:*

The Exchange may invite offers from the eligible persons who also meet the Fit & Proper Criteria for registration as a Securities Broker in accordance with Securities Brokers (Licensing and Operations) Regulations, 2016; through publication of a notice to general public in widely circulated English and Urdu newspapers for issuance of TRE Certificates in the manner prescribed by the Commission.

Till the time the restrictions imposed by the Demutualization Act on the number of TRE Certificates to be issued by the Exchange are in place, the Board shall prescribe a mechanism with the prior approval of the Commission for selecting the applicants out of total applicants where the number of applications for issuance of TRE Certificates exceed the maximum number of TRE Certificates to be issued.

4.4. APPLICATION TO THE EXCHANGE AND ELIGIBILITY CRITERIA FOR OBTAINING TRE CERTIFICATE:

Any person desirous of obtaining a TRE Certificate shall submit a duly signed application in writing to the Exchange in such form and accompanied by such documents as may be prescribed by the Exchange from time to time. The applicant must meet the following eligibility criteria for obtaining TRE Certificate:

4.4.1. The applicant must be a public or a private company, except in case of an applicant desirous of obtaining a TRE Certificate for the category of Online Only Securities Broker which may be a Single Member Company, as defined in the Companies Act;

4.4.2. The applicant must comply with the financial resource requirements as prescribed in the Securities Brokers (Licensing and Operations) Regulations, 2016 for the relevant category of Securities Broker for which application is made;

4.4.3. The Chief Executive of the applicant company must be a citizen of Pakistan and should not be on the board of any company whose principal activity is investing or trading in securities market;

4.4.4. The directors, sponsors and substantial shareholders of the applicant have not held the office of the directors or have been sponsors or substantial shareholders in any company which is TRE Certificate Holder or a Member prior to the date of demutualization, which had been declared defaulter or expelled by the Exchange or whose TRE Certificate has been cancelled or forfeited by the Exchange;

Explanation: For the purpose of this chapter the term "Substantial Shareholder" shall mean shareholder having more than 10% shareholding in the TRE Certificate Holder's company.

4.4.5. The Directors and the Chief Executive Officer must have academic qualification and experience as specified in Securities Brokers (Licensing and Operations) Regulations, 2016;

4.4.6. The applicant company must not be engaged in any business other than that of a Broker or any other business or activity as approved by the Commission from time to time;

4.4.7. No applicant shall be admitted as TRE Certificate Holder of the Exchange if that applicant or any of its directors, sponsors or substantial shareholders:

(a) has been adjudged bankrupt or he has been proved to be insolvent even though he has obtained his final discharge;
(b) has compounded with his creditors for less than full discharge of debts;
(c) has been convicted of an offence involving a fraud or dishonesty;
(d) has been at any time expelled or declared a defaulter by a Stock Exchange/PMEX or it has been debarred from trading in securities by any regulatory authorities including Commission or any court of law;
(e) incurs such disqualification under the provisions of any applicable laws, rules and regulations for the time being in force, so as to prohibit or debar such person from seeking TRE Certificate;
(f) fails to satisfy Exchange that it has adequate staff, resources, risk management and internal control policies, procedures and systems available to effectively perform its obligations as a TRE Certificate Holder. The Exchange may accept an undertaking from the applicant at the time of submission of application for issuance or transfer of TRE Certificate that the applicant will comply with the aforesaid condition before TRE Certificate is granted or transferred to it by the Exchange; and
(g) fails to satisfy any other condition imposed by the Exchange.

4.4.8. Any category of Securities Brokers may convert its license to any other category of Securities Brokers subject to compliance with the requirements provided in applicable laws, rules, regulations, directions, decisions, notices, guidelines, clarifications and circulars issued by the Commission, the Exchange and CDC, as the case may be, from time to time

4.5. TRANSFER OF TRE CERTIFICATE:

4.5.1. A TRE Certificate Holder, holding transferable TRE Certificate, desiring to transfer its TRE Certificate must submit a written application, complete in all respect, to the Exchange duly signed by both the transferor and transferee, in such form and accompanied by such documents as may be prescribed by the Exchange from time to time, in accordance with the provisions of the Act, the Demutualization Regulations and these Regulations.

4.5.2. In case of an active TRE Certificate Holder filing his application for transfer, such TRE Certificate Holder shall also submit a Bank Guarantee or a guarantee by one of the existing TRE Certificate Holders of the Exchange, or a guarantee by an incoming TRE Certificate Holder or any equivalent security in a manner as may be acceptable to the Exchange to the extent of an amount prescribed by the Exchange with the approval of the Commission and valid for a period of two years from the date of transfer of TRE Certificate in order to enable the Exchange to settle all valid claims if received after the transfer of TRE Certificate.

4.5.3. The transfer application shall be accompanied by an auditor's certificate confirming that the incoming TRE Certificate Holder maintains the financial resource requirement as per the Securities Broker (Licensing and Operations) Regulations, 2016 as amended from time to time.

4.5.4. An applicant who does not fulfill the Fit & Proper Criteria specified by the Commission from time to time as required under the Demutualization Regulations made under the Act shall not be eligible and entitled to get TRE Certificate transferred.

4.5.5. The Exchange shall ensure that not more than one transfer is registered in respect of a TRE Certificate issued to the Initial Shareholder under Section 5 of the Act and no transfer should be registered in respect of additional TRE Certificate which is issued under sub section (5) and (6) of Section 16 of the Act.

4.5.6. The Exchange may require transferor and transferee to provide such information as may be required for determining the eligibility and fit and proper status for registering a transfer of TRE Certificate or for issuing NOC for such transfer.

4.5.7. Upon receipt of an application for transfer, the Exchange may invite objections and claims and for such purpose, the following procedure shall be adopted:

(a) IN CASE OF A TRE CERTIFICATE HOLDER WHO HAS BEEN INACTIVE FOR LAST 24 MONTHS FROM THE DATE OF APPLICATION:

The notice period for inviting objections/claims from all the concerned persons shall be 30 days after the issuance of notice.

(b) IN CASE OF ACTIVE TRE CERTIFICATE HOLDER:

The notice period for inviting objections/claims from all the concerned persons shall be 30 days for Trading Only Securities Broker and Online Only Securities Broker(s) and 90 days for other categories of Securities Brokers after the issue of notice.

Provided that each outgoing TRE Certificate Holder shall continue to be liable for any claims received after the abovementioned notice periods and shall give an undertaking to that effect to the Exchange.

MODES OF INVITING CLAIMS:

Securities Broker shall invite claims from all the concerned persons including his clients through courier, personal delivery method, facsimile or, email and publication through newspaper having circulation in all cities in which registered and branch offices of the Securities Broker are situated. Further, the Exchange shall also disclose such information through its website and also by publication in two widely circulated newspapers in Urdu and English language.

Provided that in the event of an undertaking given by the transferee (on the format prescribed by the Exchange) to settle all the objections, claims and liabilities of the outgoing TRE Certificate Holder, the Managing Director of the Exchange may, even before expiry of the 30 or 90 days' notice period, as the case may be, consider and accept the transfer application.

4.5.8. In case the outgoing TRE Certificate Holder is a Participant of CDC and Clearing Member of NCCPL, it shall be required to notify the CDC and NCCPL about its application made to the Exchange for transfer of TRE Certificate and shall also submit to the Exchange, NOC of CDC and NCCPL in this regard.

Provided that if the transferor is a Trading Only Securities Broker or Online Only Securities Broker, it shall notify PCM or Trading and Clearing Securities Broker, as the case may be, about its application made to the Exchange for transfer of TRE Certificate and shall also submit to the Exchange the NOC of PCM or Trading and Clearing Securities Broker, as the case may be.

4.5.9. The Exchange may only allow a transfer of TRE Certificate after all liabilities of the transferor are settled and there are no claims whatsoever against him on the date of transfer in respect of any transaction or dealing made with any other Securities Broker, PCM or the Investors subject to these Regulations, NCCPL Regulations or any other relevant capital market regulations or any violation thereof.

4.5.10. Further, in case of transfer of TRE Certificate, the BMC of the outgoing TRE Certificate Holder shall not be released by the Exchange until the transfer process is complete or in case where the transferee has provided an undertaking to the Exchange under clause 4.5.7, the BMC is deposited by such transferee.

4.5.11. Where an application for transfer of existing TRE Certificate is accepted, the Exchange shall register the transfer in compliance with the requirements of the Act, Demutualization Regulations and these Regulations.

4.6. APPLICABILITY OF ELIGIBILITY CRITERIA ON CONTINUED BASIS:

The TRE Certificate Holders shall comply with the eligibility criteria as specified in clause 4.4. above relating to issuance and transfer of TRE Certificate at all times.

Provided that the Managing Director of the Exchange may waive or relax minimum educational qualification requirement in case the Chief Executive of a Securities Broker (which was a member of the Exchange prior to the Demutualization), has the stock market experience of at least 7 years as a Securities Broker or an Agent prior to repeal of Brokers and Agents Registration Rules, 2001 or director of any of the Securities Brokers of the Exchange.

Provided further that, in the case of conversion of an individual TRE Certificate Holder into a corporate body within the time period as provided in the Act, the minimum educational qualification requirement for the Chief Executive shall not apply where the same individual continues as a Chief Executive of the corporate body.

Provided further that the eligibility criteria shall not apply to the Initial TRE Certificate Holders of the Exchange till the time the Exchange, with prior approval of the Commission, notifies its application on such TRE Certificate Holders with adequate notice period.

4.7. DECISION OF THE EXCHANGE REGARDING ISSUANCE OF TRE CERTIFICATE:

4.7.1. The Exchange shall accept or reject an application for issuance of a TRE Certificate within 30 days and its decision shall be final, conclusive and binding on the applicant. The Exchange may reject any application without assigning any reason.

4.7.2. Where an application for issuance of new TRE Certificate is accepted, the Exchange shall issue a TRE Certificate to the applicant in compliance with the requirements of the Act, Demutualization Regulations and these Regulations.

4.8. TRANSFER OF SHARES, CHANGE OF LEGAL STATUS, OWNERSHIP:

4.8.1. The requirements of Demutualization Regulations shall be applicable for any change in control or change in legal status of a TRE Certificate Holder.

4.8.2. Every TRE Certificate Holder shall submit pattern of shareholding of the company, Holding Company, if any, and Associated Company if it is declared as its Sponsoring Company within one month of end of each half year in the format specified by the Exchange.

4.9. RELINQUISHMENT/SURRENDER AS A TRE CERTIFICATE HOLDER:

4.9.1. A TRE Certificate Holder may after giving one month's notice to the Exchange voluntarily surrender its TRE Certificate and seek its removal as a TRE Certificate Holder from the Exchange. However, the Exchange may only accept a TRE Certificate Holder's voluntary removal from the Exchange after all its liabilities are satisfied and there are no claims whatsoever against it in respect of any money owed by it to any other Securities Broker, PCM or the Investors. The Exchange shall invite claims from Investors and other TRE Certificate Holders and give 30 days in case of Trading Only

Securities Brokers and 90 days in case of other categories of Securities Brokers for submitting claims. Provided that in the case of an inactive TRE Certificate Holder, as described in Regulation 4.5.7. (a), the notice period shall be 30 days.

Provided further that in case of an active TRE Certificate Holder opting for voluntary surrender of TRE Certificate, such TRE Certificate Holder shall also submit a Bank Guarantee or a guarantee by one of the existing TRE Certificate Holders of the Exchange, or any equivalent security in a manner as may be acceptable by the Exchange to the extent of an amount prescribed by the Exchange with the approval of the Commission and valid for a period of two years from the date of surrender of TRE Certificate in order to enable the Exchange to settle all valid claims if received after the surrender of TRE Certificate. Provided that such TRE Certificate Holder shall remain liable for any claims received after the notice periods specified in Regulation 4.5.7 and shall give an undertaking to that effect to the Exchange.

4.9.2. No TRE Certificate Holder may sell, relinquish, transfer, pledge, mortgage or create any trust, charge, lien or any other encumbrance over the TRE Certificate he holds, let, sublet, assign, alienate or otherwise dispose-off his TRE Certificate except with the prior written approval of the Exchange which may be given subject to any conditions imposed by the Exchange which it may think fit. Nor he shall assign any of his rights, benefits or privileges as a holder of TRE Certificate otherwise than in accordance with these Regulations.

Pending such approval, these Regulations shall continue to bind TRE Certificate Holder who has given notice of relinquishment as if such notice had not been given and the jurisdiction of the Exchange over holder of TRE Certificate, his or its business, affairs and employees shall in no way be affected by such notice. The Exchange shall not be bound or compelled in any way to recognize (even when having notice thereof) any dealing or disposition made in contravention of these Regulations.

4.9.3. Further, a TRE Certificate Holder who individually or through any person acting in concert, directly or indirectly, possesses a “Controlling Interest” in a TRE Certificate Holding Company may not relinquish, transfer, let, sublet, assign, alienate or otherwise dispose-off the TRE Certificate without the prior written consent of the Exchange.

4.9.4. Upon acceptance of relinquishment request as a TRE Certificate Holder by the Exchange, such TRE Certificate Holder shall cease to be a TRE Certificate Holder of the Exchange. His name shall be removed from the register of TRE Certificate Holders and shall be communicated to the Commission accordingly.

4.9A. PASSING OF MEMBERS’ RESOLUTION FOR VOLUNTARY WINDING-UP:

A TRE Certificate Holder may pass members’ resolution for voluntary winding-up subject to compliance with the following procedures:

(a) Apply to the Exchange for voluntary relinquishment/ surrender of its TRE Certificate in the manner as prescribed in clause 4.9 of these Regulations and comply with the related requirements.
(b) The TRE Certificate Holder shall apply to the Exchange under sub-clause 4.9A(a) above immediately upon its Board’s decision passed regarding voluntary winding-up.
(c) The TRE Certificate Holder shall ensure expeditious completion of the process of settlement of claims.
(d) Upon completion of the process, the TRE Certificate Holder shall provide an Undertaking to the Exchange confirming the settlement of all valid claims received in response to the notice of claim invitation.
(e) The TRE Certificate Holder shall obtain written consent from the Exchange before proceeding for the members’ voluntary winding-up upon completion of the above requirements.

4.10. ISSUANCE OF NOC PRIOR TO TRANSFER OF TRE CERTIFICATE:

A TRE Certificate holder, holding transferable TRE Certificate, may request the Exchange to provide a NOC before entering into any transaction for the transfer of TRE Certificate. The Exchange may issue the NOC after satisfying itself that the prospective transferee fulfills the eligibility and fit & proper criteria.

4.11. IN CASE OF ACTIVATION OR REACTIVATION OF A TRE CERTIFICATE HOLDER AS SECURITIES BROKER:

The Exchange shall issue notice for the activation or reactivation of a TRE Certificate Holder as a Securities Broker provided that the concerned Securities Broker submits the following to the Exchange as applicable depending upon category of Securities Broker:

(a) a copy of valid Broker Registration Certificate confirming its registration as Securities Broker with the Commission under the Securities Brokers (Licensing and Operations) Regulations, 2016;
(b) an original certificate of an Auditor confirming its financial resource requirement as required under the NCCPL Regulations;
(c) the list of signatories authorized to deal with the Exchange on its behalf;
(d) evidence of payment of Basic Deposit as per NCCPL Regulations along with letter of intention for trading in the respective market;
(e) collateral to meet the Base Minimum Capital as prescribed and determined under the chapter 19 of PSX Regulations;
(f) proof of its registration as Broker Clearing Member (BCM) with the NCCPL and admission as a Participant with the CDC where applicable;
(g) proof of its agreement entered into with PCM or Trading and Clearing Securities Broker for custody and settlement of its customers’ trades;
(h) proof of its registration as an Authorized Intermediary with NCCPL in accordance with NCCPL Regulations;
(i) a letter to the Exchange informing details about its Proprietary UIN and Bank Accounts opened with settling banks recognized by the Exchange for the purpose; etc.

4.12. RESEARCH REPORTS BY THE SECURITIES BROKER AND COMMUNICATION WITH MEDIA:

4.12.1. A Broker engaged in preparation, writing and/or publication of a research report or substance of a research report or making a public appearance concerning a listed security or a public offer shall comply with the requirements as specified in the Research Analyst Regulations, 2015.

4.12.2. The sponsors, directors and employees of Broker houses shall exercise due care and diligence and shall be mindful of their obligations and responsibilities in the capacity of a regulated entity and capital market intermediary while commenting or interacting with the media in any manner.

4.13. REPORT OF VIOLATION OF REGULATIONS:

Every TRE Certificate Holder of the Exchange shall immediately report to the Exchange of any violation of any provisions of these Regulations by any TRE Certificate Holder, which may come into its notice.

The Exchange shall take necessary action in respect of such violations in accordance with these regulations.

4.14. PAYMENT OF FEE/DEPOSIT:

Each applicant shall be required to pay a fee, deposit, charges, contribution or any other sums to the Exchange with the application for issuance or transfer of TRE Certificate, as prescribed by the Exchange from time to time with the approval of the Commission.

4.15. OPENING AND MAINTENANCE OF ACCOUNTS OF CUSTOMERS:

4.15.1. *OPENING AND MAINTENANCE OF A CUSTOMER RELATIONSHIP FORM ("CRF") AND SAHULAT KYC APPLICATION/ ACCOUNT OPENING FORM ("SAHULAT FORM"):*

4.15.1.1. The Securities Brokers shall open an account of customers by adopting the CRF attached as Annexure-I to this chapter, as amended from time to time, and the Know Your Customer Application Form specified in the Centralized Know Your Customer Organization Regulations, 2017 by NCCPL for all their Customers, unless otherwise specified in this clause.

Provided that the Securities Brokers may open sahulat accounts for individuals identified as low risk customers as per applicable laws and regulations and adopt Sahulat Form for such customers as notified by the Exchange together with relevant terms and conditions from time to time with the prior approval of the Commission.

4.15.1.2. Existing customers of Securities Brokers shall, within such time as specified by the Exchange, provide additional information required in the CRF which was not required in the earlier Standardized Account Opening Form. Upon failure to comply with such timeline, the Exchange shall restrict such UIN from taking new positions. However, only squaring-up of open position(s) in all markets, including leveraged markets, and selling of securities held in the sub account(s) of Customer shall be allowed for such restricted UIN.

Explanation:
CRF and Sahulat Form, which have been jointly specified by the Exchange and CDC for opening of trading account, sub-account and Investor Account, where applicable, with approval of the Commission, contain the minimum Terms and Conditions which are equally binding on the Broker and Customer(s). However, in order to protect the rights of the concerned parties, the Brokers may include additional Terms and Conditions preferably in separate section to the CRF and Sahulat Form, as long as such Terms and Conditions do not, in any way, negate or undermine any other applicable laws, rules, regulations, directives/ notices/ circular of the Commission, the Exchange, CDC etc., and the Terms and Conditions laid down in the said CRF and Sahulat Form. The Securities Brokers shall give prior notice of not less than seven working day to customers in case of any revision, addition or removal of Terms and Conditions affecting rights and obligations of customers.

4.15.2. *OPENING AND MAINTENANCE OF ACCOUNTS OF NRP:*

4.15.2.1. The Securities Brokers may open an account of NRP who maintains NRVA with the designated bank in Pakistan, in such manner and based on such terms and conditions as prescribed in the procedures specified by the Exchange and as amended from time to time. For the purpose of establishment of such account, NRVA Information and any additional information, as may be prescribed in the procedures, shall be used in place of CRF, or, as the case may be, the Sahulat Form and/or the KYC Application Form and the requirement of obtaining such forms will be dispensed with. The Securities Brokers shall be required to separately maintain the list of such accounts along with supporting documents and correspondences made with such customers in their records.

4.15.2.2. All other requirements prescribed under these PSX Regulations and any other relevant regulations or notification relating to opening of account and subsequent dealing between Securities Broker and customers shall be applicable on accounts opened for NRP under this clause, except as is otherwise specified in the procedures.

4.15.2.3. Where an account of NRP is opened by the Securities Broker on the basis of NRVA Information and any additional information as may be prescribed in the procedures, such information or any subsequent updations (if any) shall be deemed to have been entered with the authorization and consent of such customer.

4.15.2.4. Terms of the CRF, the KYC Application Form or, as the case may be, the Sahulat Form referred under these Regulations, shall be read as NRVA Information and any additional information as may be prescribed in the procedures for the purpose of NRP.

4.15.3. *OPENING ACCOUNT OF LOCAL CUSTOMERS WHO/WHICH MAINTAIN AN ACCOUNT WITH A BANK OR ANY OTHER AUTHORIZED ENTITY:*

4.15.3.1. The Securities Brokers may open an 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 Commission (jointly referred to as an "Authorized Entity" in this clause) on such terms and conditions as prescribed in the procedures specified by the Exchange and as amended from time to time.

4.15.3.2. For the purpose of opening of such account, the information of such customer shared by the Authorized Entity and any additional information, as may be prescribed in the procedures, shall be used in place of Customer Relationship Form or Sahulat Account Opening Form, as the case may be, and/or the KYC Application Form and the requirement of obtaining such forms will be dispensed with.

4.15.3.3. The Securities Brokers shall be required to separately maintain the list of such accounts along with supporting documents and correspondences made with such customers in their records.

4.15.3.4. All other requirements prescribed under these PSX Regulations and any other relevant regulations or notification relating to opening of account and subsequent dealing between Securities Broker and customers shall be applicable on accounts opened for such customers under this clause, except as is otherwise specified in the procedures.

4.15.3.5. Where an account of a customer is opened by the Securities Broker on the basis KYC Information of Authorized Entity, and any additional information as may be prescribed in the procedures, such information or any subsequent updations (if any) shall be deemed to have been entered with the authorization and consent of such customer.

4.15.3.6. Securities Brokers shall obtain from customers, if needed, the additional information as required in the CRF or Sahulat Form, as the case may be but does not form part of the information transmitted to it through the Authorized Entity.

4.15.4. *OPENING AND MAINTENANCE OF ONLINE ACCOUNTS OF CUSTOMERS:*

The Securities Brokers may open an online account of customers by utilizing the services of an authorized entity as per the terms and conditions specified by the Exchange from time to time. The Securities 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 the Exchange or Commission in relation to online account opening.

4.15.5. *OPENING AND MAINTENANCE OF ACCOUNT OF CUSTOMER THROUGH CENTRALIZED GATEWAY PORTAL:*

(a) The Securities Brokers may open an account of a customer digitally on-boarded through the Centralized Gateway Portal.
(b) For the purpose of opening of such account, the information provided by the customer through the Centralized Gateway Portal or any additional information as may be specified in the procedures, shall be used in place of CRF or Sahulat Account Opening Form, as the case may be, and/or the KYC Application Form and the requirement of obtaining such forms will be dispensed with.
(c) All other requirements as prescribed under clauses 4.15.3.3, 4.15.3.4, 4.15.3.5 and 4.15.3.6 shall also be applicable on Securities Brokers opening account of a customer under this Clause.

4.15.6. *GENERAL REQUIREMENTS:*

(a) Securities Brokers shall provide the terms and conditions, duly stamped, dated and signed by the Compliance Officer on each page, to its customers attached as an annexure to CRF or Sahulat Form at the time of filing of CRF or Sahulat Form and also make such terms and conditions available on its website and update the same immediately upon occurrence of any change in terms and conditions.

(b) Securities Brokers shall not activate customer account unless the customer has affirmed that he/she/it has agreed with the terms and conditions.

(c) Securities Brokers shall incorporate any amendments in CRF and Sahulat Form for their new Customers including any change in Terms and Conditions immediately upon coming into effect of such amendments.

(d) Any amendment in the CRF and Sahulat Form pertaining to roles and responsibilities of Securities Brokers shall be binding as per the date notified by the Exchange with the approval of the Commission, whether or not such amendments have been incorporated in the manner specified above.

4.16. COMPLIANCE WITH SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (ANTI MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM) REGULATIONS, 2020:

4.16.1. The Securities Brokers shall comply with the requirements as specified in the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 and the Guidelines on Anti-Money Laundering, Countering Financing of Terrorism, and Proliferation Financing issued by the Commission and as may be amended from time to time.

4.16.2. In case a Securities Broker is found non-compliant with the requirements of clause 4.16.1, the Exchange shall refer such case to the Commission for further investigation/inspection and/or enforcement action(s) as deemed appropriate by the Commission.

4.17. SEGREGATION OF CLIENTS' ASSETS BY THE SECURITIES BROKERS:

4.17.1. The Securities Brokers shall ensure that the assets belonging to their clients are kept separated from the assets of the Securities Broker. For this purpose, the Securities Broker:

(a) Shall maintain separate bank account(s), with word "clients" in the title, which will include all funds of their clients deposited with the Securities Broker for purposes of trading or subscription of securities offered through IPO, along with record/breakdown of clients' balances in its back office. The Securities Broker may keep clients' unutilized funds in a profit-bearing bank account and in such case, shall pass on profit earned on these funds to the clients in proportion to the client's unutilized balance unless specified otherwise in writing by the client;

Provided that the rate of profit to be passed on to the clients should not be more that the profit rate offered by the banks and the Broker shall not solicit money from its customers or public in general or make it part of its marketing material by offering return on unutilized funds. A Broker found involved in any such activity shall be subject to disciplinary actions.

Provided further that the Securities Broker shall not make application for subscription of securities offered through IPO on behalf of its clients unless the client has paid subscription money or the client has sufficient credit balance with the Securities Broker.

Provided further that the Securities Broker shall comply with the procedures prescribed by the Exchange and/or CDC in respect of subscription of securities by the broker on behalf of their client through IPO including E-IPO.

(b) Shall maintain separate Sub-Accounts under its Participant Account in Central Depository System (CDS) for each of its clients to maintain the custody of margins deposited by the clients in the form of securities and securities bought for clients;

(c) May maintain a Collateral Account under his Participant Account in CDS for all clients. This account shall be used exclusively for instances where outstanding payment has not been received from clients in respect of securities purchased on their behalf and relevant purchase obligation is to be settled. In such cases, the Securities Broker will be allowed to transfer the securities on the respective settlement date from the respective Sub-Account to the Collateral Account for a maximum period of three (3) settlement days only to the extent of the trade volume for which the client's payment is outstanding for whatsoever reason and comply with relevant requirements contained in the CDC Regulations. The Securities Broker shall, in addition to the electronic reporting of such transfers through ways and means as specified by the Exchange report the Exchange in writing explaining the reason for utilizing the Collateral Account and/or for holding client's securities immediately after such transfer. The notice from the Securities Broker will be accompanied with following documents:

(i) Non-payment notice served on the client through courier, personal delivery method, facsimile, email or properly recorded telephone line, advising him to make payment by the close of banking hours on the next working day after the settlement day and notifying that, otherwise the Securities Broker shall have a right to dispose of the required securities to cover the shortfall in the client's account at client's risk and cost;

(ii) Client's Sub-Account and Collateral Account Activity Report of movement date and;

(iii) Documentary evidence substantiating the genuineness and circumstances of the reason for non-payment by the client which may include failure of client to pay in time due to non-clearance of client's cheque, any natural calamity, law and order situation, non or delayed functioning of an automated procedure, e.g., NIFT.
Provided that for a particular client, the Securities Broker is allowed to transfer securities from the Sub-Account of client to the Collateral Account only once in a calendar month.

Provided that in case of Trading Only Securities Broker and Online Only Securities Broker that have entered into an agreement with PCM or Trading and Clearing Securities Broker for availing custodial and clearing services, the requirements relating to establishment of Collateral Account and all other related matters including transfer of securities to and from the Collateral Account shall be handled in accordance with procedures framed by CDC for this purpose.

Provided that the requirements of this clause shall not apply to a Trading Only Securities Broker and Online Only Securities Broker which maintains custody of assets of its all customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker.

4.17.1A. The Securities Broker shall submit to the Exchange the details of all business bank account(s) opened for holding funds as and when required by the Exchange. The Securities Broker shall be required to inform the Exchange within five (05) working days of opening of new bank account or closure of existing bank account.

The above information shall be submitted in the manner notified by the Exchange.

4.17.2. Except as permitted above, the clients' funds and securities shall not be used by the Securities Broker for any purpose other than as authorized by the client in writing in the manner and procedure prescribed by the Exchange, NCCPL and/or CDC. The Securities Broker shall be obliged to maintain and furnish documentary evidence to substantiate the compliance with the above regulations as and when required by the Exchange.

4.17.3. On the basis of documents mentioned under sub-clause 4.17.1 (c), the Exchange shall determine if the requisite documents substantiate the transfer of client's securities by the Securities Broker and shall maintain a database of such transfers. Exchange may also carryout enquiry and/or special audit in relation to non-compliance with this regulation.

4.17.4. The Securities Broker, excluding Trading Only Securities Broker and Online Only Securities Broker mentioned in proviso to regulation 4.17.1, shall submit to the Exchange "Clients' Assets Segregation Statement" as per format prescribed by the Exchange within fifteen (15) days of the end of the latest fortnight.

4.17.5. The Securities Broker, excluding Trading Only Securities Broker and Online Only Securities Broker mentioned in proviso to regulation 4.17.1, within forty five (45) days of the close of its financial year shall submit an annual "Clients' Assets Segregation Statement", duly verified by its statutory auditor.

Provided that the requirements contained in Clauses 4.17.4 and 4.17.5 shall be fulfilled by PCM or Trading and Clearing Securities Broker, as the case may be, in case the Trading Only Securities Broker and Online Only Securities Broker maintains custody of assets of its all customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker.

4.17.6. Explanation: Close Relatives shall have the same meaning as defined in the Securities Brokers (Licensing and Operations) Regulations, 2016.

4.18. CONFIRMATION OF CLIENTS' ORDERS BY TRE CERTIFICATE HOLDERS/ BROKERS:

Whenever an order of any client has been executed by a Securities Broker, confirmation of such execution shall be transmitted to the said client by the Securities Broker within 24 hours of the execution of such transaction 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;
(h) Whether the order is executed for the Securities Broker's own account or from the market.

Provided that the requirements of this clause may be performed by relevant PCM or Trading and Clearing Securities Broker, on behalf of the Trading Only Securities Broker or the Online Only Securities Broker which maintain custody of assets of its customers including its sponsors, directors and their Close Relatives with the PCM or Trading and Clearing Securities Broker.

4.19. GENERAL OBLIGATIONS OF TRE CERTIFICATE HOLDERS/BROKERS RELATING TO LEVERAGED MARKETS:

In addition to any obligation of a Securities Broker under the applicable laws, agreements or as specified in the CRF and Sahulat Form, the Securities Broker shall ensure the following:

4.19.1. No trade is executed by the Securities Broker on behalf of a client in the Leveraged Market unless an appropriate agreement has been executed between the Securities Broker and such client.

4.19.2. All risks involved in the relevant trades have been fully disclosed and the Securities Broker has obtained a written confirmation from its clients that they have understood and have the ability to bear the risks in such trades.

4.19.3. The options available to a client in respect of various financing facilities in the securities markets have been fully disclosed and explained to the clients.

4.19.4. All provisions of the Anti-Money Laundering Act, 2010 (Act VII of 2010) and any rules and regulations made there-under are complied with at all times.

4.19.5. The credit worthiness of clients is evaluated through a proper credit risk assessment methodology and credit limits are assigned to each client beyond which the client shall not be allowed to take a position in the Leveraged Market.

4.19.6. Maintenance of records evidencing compliance with the aforesaid obligations and that such records remain available for inspection by the Commission or any other person authorized to do so, at any time.

4.20. TRADING BY EMPLOYEES OF BROKERAGE HOUSES:

4.20.1. The Securities Broker may allow securities trading to their employees only through their own brokerage houses.

4.20.2. The Securities Broker shall register their all employees into the UIN database with all registration details including their respective designations and update/modify the registration details whenever any change occurs within five (5) working days from the date of employment or any change in his/her registration details, as the case may be.

Provided that the requirements of this clause shall not apply to a Trading Only Securities Broker and Online Only Securities Broker which maintain custody of assets of its customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker. Further, in such case, the requirements of this clause shall apply to PCM or Trading and Clearing Securities Broker.

4.20.3. The Securities Broker shall ensure that while trading, the concerned employee strictly observes the Code of Conduct prescribed by the Exchange, which is annexed in Annexure-II to this chapter.

4.20.4. The Exchange will monitor compliance of this Regulation including Code of Conduct. Any breach by the Securities Broker or its employees will attract penalties on the concerned Securities Broker.

4.20.5. A Securities Broker shall not allow trading on behalf of another Securities Broker's employees. Securities Broker shall use the facility mentioned in Regulation 4.20.2. above for this purpose.

Provided that nothing contained in this Regulation shall be applicable on employees of brokers not registered as Securities Brokers with the Securities & Exchange Commission of Pakistan under the Securities Brokers (Licensing and Operations) Regulations, 2016 at the relevant time, who may trade in the securities through other brokerage houses under intimation to the concerned non-broker TRE Certificate Holders and the Exchange.

4.21. MANDATORY PROVISION OF QUARTERLY ACCOUNT STATEMENT TO CLIENTS:

Every Securities Broker shall provide within 15 working days of end of each quarter a quarterly account statement to each of its clients through acceptable mode of communication as provided under CRF and Sahulat Form. The statement must include, inter alia, the following information for the reporting period:

(a) cash ledger statement showing opening and closing cash balances; all receipts and payments of money and settlement-wise money obligation debited or credited to the client account;
(b) securities positions as per back office record of the Securities Broker showing status of available and pledged securities and reconciliation for any differences between back office record and CDS record; and
(c) securities positions as per CDS record.

Provided that the requirements of this clause shall not apply to a Trading Only Securities Broker and Online Only Securities Broker which maintain custody of assets of its customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker. Further, in such case, the requirements of this clause shall apply to PCM or Trading and Clearing Securities Broker.

4.22. STATUTORY AUDIT OF THE SECURITIES BROKERS:

The Securities Brokers shall have their statutory audit conducted by an auditor appointed from the list of approved auditors of the respective category of Securities Broker as notified by the Commission.

4.23. RECEIPT / PAYMENT OF AMOUNT FROM / TO CUSTOMERS:

4.23.1. The Securities Brokers or PCM, as the case may be, shall receive and make payments of Rs. 25,000/- and above from/to customers drawn on customer's own bank account, in the name of customers only in the manner as provided in the Terms and Conditions for Trading Account in CRF and Sahulat Form.

4.23.2. The Trading Only Securities Broker and Online Only Securities Broker shall not receive or make payment to its customers whose custody of securities is maintained with PCM or Trading and Clearing Securities Brokers and shall ensure that such customers receive or make payment only from/to PCM or Trading and Clearing Securities Brokers, as the case may be, either directly or through the Trading Only Securities Broker and Online Only Securities Broker, in the same manner as specified in Clause 4.23.1.

Provided that where payment is made from/to PCM or Trading and Clearing Securities Brokers, as the case may be, through the Trading Only Securities Broker or Online Only Securities Broker, the respective Securities Broker shall only facilitate the payment and shall not at any time receive any payment in its name or account.

Provided that the Trading Only Securities Broker and Online Only Securities Broker shall not accept or receive any cash, subject to such conditions as imposed under these Regulations, or electronic transfer of funds from customers on behalf of PCM or Trading and Clearing Securities Brokers.

4.23.3. The Securities Brokers shall make all payments to the customers through banking channels. Cash withdrawals from the client-titled bank accounts maintained by the securities brokers shall not be allowed.

4.24. MANDATORY TARIFF STRUCTURE:

4.24.1. Every Securities Broker shall provide to its clients a tariff schedule annexed to CRF and Sahulat Form which should contain the information as prescribed under Clause 4.18 (e), (f) and (g) above.

4.24.2. The Securities Broker shall obtain the consent of the clients on the tariff schedule as mentioned above through signature or using digital means or otherwise in written form.

4.24.3. In case of any change in the tariff mentioned under sub-clauses (f) or (g) of Clause 4.18, the Securities Broker shall communicate the change to its clients within seven working days from the effective date of such change. However, any change in the tariff mentioned under sub-clause (e) shall take effect after the same is communicated to the clients at least 30 days, or such higher number of days as may be specified by the Exchange, 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.

4.25. IT AND INFORMATION SECURITY REQUIREMENTS FOR THE SELECTION OF SOFTWARE VENDORS AND USAGE OF SOFTWARE BY THE TRE CERTIFICATE HOLDERS:

4.25.1. The TRE Certificate Holders shall:

(a) ensure that the software or application, which means electronic data processing system; excluding network or communications equipment; for the purpose of this clause, used directly or indirectly for the purpose of trading, risk management, clearing and settlement, and preparation and maintenance of books and accounts etc. meet the bare minimum standards/specifications, regular review and testing including vulnerability assessment and penetration testing and certification requirements prescribed by the Exchange from time to time.
(b) comply with information technology and information security requirements as prescribed by the Exchange.
(c) use the software either procured from the eligible vendors or provided by the Exchange or developed in-house by the software development team of the TRE Certificate Holder.
The Exchange shall make available the eligibility criteria and the list of eligible vendors on its website.
(d) ensure that the Exchange provided endpoint security and antivirus solution remain installed and operational at all times on all trading terminal.
(e) ensure that only Exchange certified ancillary software are installed on the trading terminal.
(f) ensure that multi-factor authentication is in place to use Exchange applications.

4.25.2. The Exchange may conduct verification, review or inspection of Securities Brokers in accordance with a risk-based plan duly approved by the RAC to ensure their compliance with the requirements of clause 4.25.1 in such manner as specified by the Exchange from time to time.

4.25.3. The Exchange may require Securities Broker(s) to submit audit report on compliance with the requirements of clause 4.25.1 within such time and in such manner as specified by the Exchange.

4.25.4. The Exchange shall take disciplinary action(s) against a TRE Certificate Holder which fails to comply with requirement of this clause.

4.26. MANDATORY SUBMISSION OF FINANCIAL INFORMATION, STATEMENTS, RETURNS AND OTHER INFORMATION:

Every Securities Broker shall submit:

(a) its annual financial statements along with audit report to the Exchange within four months after the end of each financial year;
(b) its half-yearly financial statements to the Exchange within 60 days after the end of each half year;
(c) Monthly financial information to the Commission through online Financial Information System (FINS) within 10 days from the close of each month, or such other frequency as may be specified by the Exchange with approval of Commission; and
(d) Any other information or reports in such form and manner and within such time as may be specified and required by the Commission and/or the Exchange from time to time or as and when the need arises.

4.27. CONTINGENCY PLAN FOR CONTINUITY OF OPERATIONS:

A Securities Broker for complying with the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016, shall establish and implement a contingency plan with the approval of its board of directors, covering at minimum the following requirements/ principles to ensure continuity of their operations in the event of a disaster or crisis:
(a) offsite backup of key records, systems and information and mechanism for recovery;
(b) alternate ways of communications with customers, employees and any regulatory body;
(c) details of alternate service providers in case of disaster;
(d) details of availability of necessary redundancies including infrastructural redundancies as well as operational and human capital and;
(e) testing of contingency plan on regular basis or any other interval as may be specified by the Commission.
(f) adequate infrastructure including system capability to ensure connectivity with primary and DR site of the Exchange for carrying out seamless transactions.

4.28. STANDARD RANGE/ SCALE OF BROKERAGE COMMISSION:

The Securities Brokers shall charge and collect the brokerage commission from their customers upon the execution of orders for the purchase or sale on their accounts as per the standard range/ scale of brokerage commission prescribed in Annexure-III to this chapter.

NOTE: The aforesaid range/ scale of brokerage commission is prescribed by the Exchange after seeking the exemption from the application of Section 4 of the Competition Act, 2010 granted by the Competition Commission of Pakistan in pursuance of the powers conferred to it by Section 5 read with Section 9 of the Competition Act, 2010.

Provided that brokerage commission for CDS eligible GDS trades shall be charged in accordance with Annexure-IV.

4.29. EXECUTION OF TRADES ON THE ACCOUNTS OF ELIGIBLE CUSTOMERS:

It shall be mandatory for Securities Brokers to ensure through verifiable means, in such manner as notified by the Exchange, that the orders of only those customers are entered into the Trading System for execution who/which are eligible

for trading in a particular security and/or market as per the criteria laid down for such security and/or market, as the case may be, under these Regulations.

4.30. LIQUID CAPITAL REQUIREMENTS AND ITS REPORTING FRAMEWORK:

4.30.1. The Securities Brokers shall maintain the minimum amount of Liquid Capital as specified by the Commission in the Securities Brokers (Licensing and Operations) Regulations, 2016 and related ratios as may be notified by the Commission from time to time.

4.30.2. The Securities Broker shall submit to the Exchange monthly Liquid Capital statement computed in a manner specified in Schedule III of the Securities Brokers (Licensing and Operations) Regulations, 2016 within 15 days of end of each month.

Provided that the Securities Brokers shall be required to disclose the calculation of liquid capital in its annual financial statements and shall be required to submit statement of liquid capital reviewed by the statutory auditor of the Securities Broker in the manner specified as on close of second quarter of its year of accounts.

4.30.3. In case the liquid capital falls below the specified threshold, the Securities Broker shall immediately notify the Exchange and the Commission and submit the revised liquid capital calculations to the Exchange and the Commission.

4.30.4. In case of non-submission of statement of Liquid Capital within stipulated time or any shortfall in Liquid Capital, either reported by the Securities Broker or identified by the Exchange or Commission, the Exchange shall immediately restrict the trading facility of such Securities Broker and shall only allow it to close out the open position in a controlled environment.

4.30A. REQUIREMENTS RELATING TO ONLINE ONLY SECURITIES BROKER:

4.30A.1. Online Only Securities Broker:

(a) Shall provide trading services to its clients through online mode only;
(b) Shall comply with Chapter 9 of these Regulations governing Internet Trading Regulations in case it provides online trading facility through IBTS;
(c) May open Account Facilitation/ Customer Facilitation Center in accordance with Chapter 22A of these Regulations;
(d) Shall maintain a functional and accessible website in accordance with such requirements as may be prescribed by the Commission or the Exchange from time to time;
(e) Shall comply with the Securities Brokers (Licensing and Operations) Regulations, 2016, these Regulations and any other requirements as may be prescribed by the Commission and the Exchange from time to time;
(f) May undertake securities and futures advisory services subject to compliance with regulatory requirements as prescribed by the Commission from time to time.

4.30A.2. Online Only Securities Broker shall not:

(a) Engage in proprietary trading;
(b) Settle executed trades and keep custody of securities and money of its customers;
(c) Have trading terminal(s) in any office;
(d) Open Branch Office in accordance with Chapter 22 of these Regulations; and
(e) Perform any other activity as restricted by the Commission or Exchange.

4.30A.3. Whenever any dispute arises between the Online Only Securities Brokers and its clients in connection with trading or advisory services and is not otherwise settled amicably, any party to the dispute may refer it to the Commission or Exchange for resolution through arbitration or mediation.

Where the dispute is referred to the Exchange, the same shall be dealt with in accordance with the arbitration procedures as prescribed in these Regulations.

Annexure-I

CRF for Customers of "Trading and Self Clearing Securities Broker" and "Trading and Clearing Securities Broker"

Place Logo Here!

Name of Entity (Participant/ TRE Certificate Holder)

[Registered Address]

For official use of the Participant/TRE Certificate Holder only	
Application Form No.	
TRE Certificate No.	
Securities Broker Registration No.	
CDS Participant ID	
Sub-Account No.	
Trading Account No. (Back-office ID) ***(if applicable)***	
Investor Account No.	

CUSTOMER RELATIONSHIP FORM FOR INDIVIDUALS

(Please Also Fill KYC APPLICATION FORM for Main and Joint Applicants)

Nature of Account	Single		Joint	

(***Please use BLOCK LETTERS to fill the form***)

I/We hereby apply for opening of my/our following account [**please tick (✓) only one relevant box**] with [insert name of the Participant/TRE Certificate Holder]:

1. ☐ **Trading & Sub-Account** [Opening of Account with Securities Broker for trading, custody and settlement]
2. ☐ **Investor Account with CDC** 3. ☐ **Sub-Account with Participant**
4. ☐ **Trading Account** [Opening of Account with a Securities Broker for trading purpose only]

Note: In case applicant chooses option # 4 above, then he/she shall choose any of the following:

- ☐ **Subscribe to Direct Settlement Services (DSS) with CDC**
- ☐ **Subscribe to National Custodial Services (NCS) with NCCPL**
- ☐ **Others (please specify e.g. CCM/ NBCM)** _____

A. REGISTRATION (AND OTHER) DETAILS OF MAIN APPLICANT (The information should be same as provided in the KYC Application Form)																
1. Full name of Applicant (As per CNIC/SNIC/NICOP/ARC/POC/Passport) MR. / MRS. / MS.															**UKN No.**	
2. CNIC ☐ **SNIC** ☐ **NICOP** ☐ **ARC** ☐ **POC** ☐ **Passport No.** ☐ *[Please tick (✓) appropriate box]*																
3. Details of Contact Person: *[Note: Contact Person shall not be the person other than the Main Applicant, any one of the Joint Applicants or their Attorney. However, Attorney shall not be a Participant/TRE Certificate Holder or its Director or Representative. Where Contact Person is the Main Applicant or any of the Joint Applicants, please tick (✓) the appropriate box (a) below and use the contact details of such Contact Person as provided in the KYC Application Form for CDS. Where Contact Person is an Attorney, please provide details in (a) to (i) below]*																
(a) Contact Person: Main Applicant ☐ Joint Applicant No. 1 ☐ Joint Applicant No. 2 ☐ Joint Applicant No. 3 ☐ Attorney ☐																
(b) Attorney Name: MR. / MRS. / MS.																
(c) Mailing Address:																
(d) **CNIC** ☐ **SNIC** ☐ **NICOP** ☐ **ARC** ☐ **POC No.** ☐ *[Please tick (✓) appropriate box]*																
(e) Expiry date of CNIC//SNIC/NICOP/ARC/POC:	D	D	/	M	M	/	Y	Y	Y	Y	Life Time: ☐					
(f) Passport details: (*For a foreigner)*	Passport Number:						Place of Issue:									
	Date of Issue:						Date of Expiry:									
(g) Contact No: • Land Line No.: (optional) • Local Mobile No.:(*)	(h) Email:(*)															

*Where the Contact Person is resident, local mobile number shall be provided for the purpose of subscription to SMS as a mandatory requirement. Where the Contact Person is a non-resident, email address shall be provided for *e*Alert/ *e*Statement from CDC as a mandatory requirement. In case the Contact Person is an Attorney, the Attorney shall receive such services. This information will also be used where any other service is subscribed under the CDC access.

4. Permanent Address: [The address should be of the Main Applicant]	*Please use the details as provide in the KYC Application Form and enter the same in the CDS*

B. REGISTRATION (AND OTHER) DETAILS OF THE JOINT APPLICANT(S) (The information should be same as provided in the KYC Application Form. Complete details of Joint Holders shall be fetched from the Central Portal / KIS)	
JOINT APPLICANT NO. 1	
1. Full name of Applicant (As per CNIC/SNIC/NICOP/ARC/POC/Passport) MR. / MRS. / MS.	**UKN No.**

2. CNIC ☐ SNIC ☐ NICOP ☐ **ARC ☐ POC ☐ Passport No: ☐** *[Please tick (✓) appropriate box]*															

JOINT APPLICANT NO. 2

1. Full name of Applicant (As per CNIC/SNIC/NICOP/ARC/POC/Passport) MR. / MRS. / MS. **UKN No.**

2. CNIC ☐ SNIC ☐ NICOP ☐ **ARC ☐ POC ☐ Passport No: ☐** *[Please tick (✓) appropriate box]*															

JOINT APPLICANT NO. 3

1. Full name of Applicant (As per CNIC/SNIC/NICOP/ARC/POC/Passport) MR. / MRS. / MS. **UKN No.**

2. CNIC ☐ SNIC ☐ NICOP ☐ **ARC ☐ POC ☐ Passport No: ☐** *[Please tick (✓) appropriate box]*															

C. OTHER ACCOUNT LEVEL INFORMATION

1. Bank Details: The bank account information of the Main Applicant as provided in the KYC Application Form shall be used.

2. Residential Status: The Resident Status of the Main Applicant as provided in the KYC Application Form shall be used.

3. Basis of Remittance *[Please tick (✓) the appropriate boxes]*	*Repatriable*	*Non-Repatriable*
Non-resident Pakistani	☐	☐
Foreigner/ Pakistani Origin	☐	☐

4. Zakat Status: [*If, according to the Fiqh of the Applicant(s), Zakat is not deductible, then relevant Declaration on prescribed format shall be submitted by all the Applicant(s) with the concerned Participant/TREC Holder/Investor Accountholder]. Non-Muslims shall submit an affidavit.*	Please tick (☐) the appropriate box
	☐ Muslim Zakat deductible
	☐ Muslim Zakat non-deductible
	☐ Not Applicable

5. Particulars of nominee (Optional but if desired, nomination should only be made in case of sole individual and not joint account)

[Nomination may be made in terms of requirements of Section 79 of the Companies Act, 2017, which inter alia requires that person nominated as aforesaid shall not be a person other than the following relatives of the Investor Accountholder/Sub-Account Holder, namely: a spouse, father, mother, brother, sister and son or daughter.]

(a) Name of Nominee:

(b) Relationship with Main Applicant: *[Please tick (✓) appropriate box]*

☐	Spouse	☐	Father	☐	Mother
☐	Brother	☐	Sister	☐	Son
☐	Daughter				

(c) CNIC☐ SNIC☐ NICOP☐ ARC☐ POC No: ☐
[Please tick (✓) appropriate box]

(d) Expiry date of CNIC /SNIC/ NICOP / ARC / POC:

(e) Passport details: *(In case of a foreigner or a Pakistani origin)*

Passport Number:
Place of Issue:
Date of Issue:
Date of Expiry:

D. CDC access: CDC provides ***FREE OF COST*** services under CDC access whereby Sub-account holders/Investor Accountholders can have real time access to their account related information.

1. Do you wish to subscribe to free of cost IVR/Web Service? *[Please tick (☐) the appropriate box]*	☐	Yes	☐	No

2. If you are subscribing to IVR and Web Service, please provide following details of your Contact Person:

(a) Date of Birth	D	D	/	M	M	/	Y	Y	Y	Y	
(b) Mother's Maiden Name:											

E. AUTHORIZATION UNDER SECTIONS 12 AND 24 OF THE CDC ACT EXCLUSIVELY FOR SETTLEMENT OF UNDERLYING TRADES, PLEDGE AND RECOVERY OF PAYMENTS, CHARGES AND LOSSES (FOR SUB-ACCOUNT ONLY)

I/we the undersigned, hereby give my/our express authority to the Participant under Section 12 and Section 24 of the Central Depositories Act, 1997 to handle Book-entry Securities beneficially owned by me/us and entered in my/our Sub-Account maintained with the Participant for securities transactions that are exclusively meant for the following purposes:

a. For the settlement of any underlying market transactions (trades) including off market transactions made by me/us from time to time;
b. For pledge securities transactions with the Clearing House relating to any of my/our underlying market transactions (trades) to be settled through the Clearing House from time to time;
c. For the recovery of payment against any underlying market purchase transactions made by me/us from time to time;
d. Movement by me/us from time to time of my/our Book-entry Securities from my/our Sub-Account under the Main Account under the control of the Participant to my/our Sub-Account under another Main Account under the control of the Participant or to my/our Sub-Account under any Main Account which is under the control of another Participant or to my/our Investor Account;
e. Securities transactions which has been made by way of a gift of Securities by me/us to my/our Family Members or other persons in accordance with the CDC Regulations from time to time;
f. For the recovery of any charges or losses against any or all of the above transactions carried out by me/ us or services availed; and/or
g. Delivery Transaction made by me/us for any other purposes as prescribed by the Commission from time to time.

Specific authority on each occasion shall be given by me/us to the Participant for handling of Book-entry Securities beneficially owned by me/us for all other purposes as permitted under the applicable laws and regulations.

Note: Please note that above shall serve as a standing authorization to the Participant for handling of Book-entry Securities owned by the undersigned Sub-Account Holder(s) and entered in his/her/their Sub-Account maintained with the Participant. Handling of Book-entry Securities for all other purposes should however require specific authority in writing from the undersigned Sub-Account Holder(s) in favour of the Participant.

For handling of Book-entry Securities worth Rs. 500,000/- and above, the above mentioned specific authority shall be obtained on non-judicial stamp paper.

F. OPERATING INSTRUCTIONS

		Names of Signatory(ies)	Specimen Signatures
1. Signatory(ies) to give instruction to the Participant/TREC Holder pertaining to the operations of the Investor Account / Sub-Account / Trading Account. (*Please specify Investor account, sub- account and trading account operating instructions in the relevant column along with names and specimen signatures of authorised signatories*)	(a)		
	(b)		
	(c)		
	(d)		

2. Investor Account/Sub-Account Operating Instructions in writing: [Please (✓) appropriate box]	☐	Singly (Either or Survivor)	☐	Attorney
	☐	Jointly [any] _____ *(Please mention the relevant numbers of the signatories)*		
3. Trading Account Operating Instructions: [Please (✓) appropriate box]	☐	Singly	☐	Attorney
	☐	Jointly [any] _____ *(Please mention the relevant numbers of the signatories)*		

G. SIGNATURES

Name of Applicant:	Date: Place:	Signature:
Name of Joint Applicant No 1:	Date: Place:	Signature:
Name of Joint Applicant No 2:	Date: Place:	Signature:
Name of Joint Applicant No 3:	Date: Place:	Signature:

I/we hereby agree to admit the Applicant(s) as the Investor Accountholder(s)/Sub-Account Holder(s) in terms of the enclosed Terms and Conditions as amended from time to time and shall abide by the same in respect of opening, maintenance and operation of such Investor Account/Sub-Account.

Name of Participant/TREC Holder:	**Date:**
Participant's/TREC Holder's Seal & Signature:	
Witnesses:	
1. Name:	
Signature: / CNIC No:	
2. Name:	
Signature: / CNIC No:	

Enclosures*:

1. Copy of valid CNIC/SNIC/NICOP/ARC/POC/Passport of the Applicants / Joint Applicants / nominee(s) and Attorney (as the case may be).
2. Copy of Power of Attorney (if applicable), duly attested by notary public (suggested format as annexure).
3. Copy of Zakat Declaration of the Applicant and the Joint Applicant (if applicable). In case of Non-Muslim, an affidavit shall be submitted.
4. Terms and Conditions of relevant service provider, as applicable.
5. Specimen Signature Card (for Investor Accountholder(s) only).
6. Juvenile Card / Form-B/ Child Registration Certificate (CRC) of the minor (if applicable).

* **Note**: Non-resident/ foreigners shall submit the documents duly attested by either notary public or Consul General of Pakistan having jurisdiction over the Applicant(s). However, in case of non-resident/ foreigner belonging to the country or state which has acceded to the Convention of 5 October 1961 Abolishing the Requirement of Legalization for Foreign Public Documents (Apostille Convention), the non-resident/ foreigner may opt to submit the requisite documents with the Apostille issued by the Competent Authority under the Apostille Convention.

H. FOR THE USE OF PARTICIPANT/TREC HOLDER ONLY

Particulars of Customer Relationship Form verified by :						
Application:	☐	Approved	☐	Rejected	Signature: (Authorized signatory)/Stamp	Date:
Investor Account/Sub-Account no. issued:						
Investor Account**/Sub-Account /Trading Account opened by:**						
Saved by:					Posted by:	
Signature:		Date:			Signature:	Date:
Remarks: *(if any)*						

ACKNOWLEDGEMENT RECEIPT

Application No:	Date of receipt:
I/We hereby confirm and acknowledge the receipt of duly filled and signed Customer Relationship Form from the following Applicant:	
[Insert Name of Applicant(s)]	**Participant's / TREC Holder Seal & Signature:**
1.	
2.	
3.	
4.	

TERMS AND CONDITIONS

Please read and understand the Terms and Conditions, attached herewith as **Annexure A,** before signing and executing this form.

DECLARATION & UNDERTAKING

I/We, the undersigned Applicant(s), hereby declare/undertake that:

a) I/We am/are not minor(s);
b) I/We am/are of sound mind;

c) I/We have not applied to be adjudicated as an insolvent and that I/We have not suspended payment to any financial institution and that I/We have not compounded with my/our creditors;
d) I/We am/are not an undischarged insolvent;
e) I/We confirm and acknowledge that I/We have received the Terms and Conditions, duly stamped, dated, and signed by the Compliance Officer of Securities Broker/Participant, as an annexure to this Form at the time of signing of this Form and have carefully read, understood and accepted the attached Terms and Conditions which are deemed to be a part of this Form and I/We hereby unconditionally and irrevocably agree and undertake to be bound by and to comply with the attached Terms and Conditions and any other Terms and Conditions provided to me/us and placed on the website of the Securities Broker/Participant, which may be notified from time to time with the approval of the concerned authorities modifying or substituting all or any of the attached Terms and Conditions in connection with the opening, maintenance and operation of the Sub-Account / Trading Account, as the case may be;
f) I/ We hereby confirm that the Terms and Conditions shall constitute a Contract between the Parties hereto and govern opening, maintenance and operations of Trading Account, Sub-Account which shall be binding on the Sub-Account Holder as well as the Securities Broker/Participant and sharing of UIN and KYC information to/from NCCPL and ancillary matters connected therewith;
g) The information furnished in this form is complete, valid, true and correct to the best of my/our knowledge and I/We shall inform the Securities Broker/Participant immediately in writing of any change therein;
h) In case any of the above information is found to be false or misleading or suspension of any material fact, will render my/our Sub-Account/Trading Account, as the case may be, liable for termination and I/We shall be subject to further action under the law;
i) All the documents filed/submitted by me/us for the purpose of this application are genuine and valid, bearing genuine signatures and stamps of duly authorized individuals/representatives and are in accordance with the applicable law;
ia) I/We, being the Applicant(s), hereby authorize that all the information furnished by me/ us in the form shall be shared with Centralized Gateway Portal pursuant to requirements prescribed by the Securities & Exchange Commission of Pakistan;
j) I/ We agree that I/we shall not place any trading order in case of any concern or disagreement with any Terms and Conditions shared by Securities Broker/Participant and placement of trading order shall mean that I/we have affirmed/consented with the Terms and Conditions; and
k) I/We hereby now apply for opening, maintaining and operating Sub-Account/Trading Account, as the case may be, with the Securities Broker/Participant.

I, the undersigned as Securities Broker/Participant, hereby declare/undertake/confirm that:

l) I have provided in full the Terms and Conditions attached as an Annexure to this Form to the Customer/Sub-Account Holder at the time of filing of this Form and I hereby further confirm that provided Terms and Conditions are available on our website and update the same immediately upon occurrence of any change in Terms and Conditions. I further confirm that trading account/Sub-Account of customer/Sub-Account Holder shall be activated/opened only upon affirmation of the Terms and Conditions by the customer/Sub-Account Holder; and
m) I have no doubt or concern that the Terms and Conditions shared with Customer/Sub-Account Holder by us are not updated and has any difference when compared with the specified Terms and Conditions and the attached Terms and Conditions also form part of this Form.

DISCLAIMER FOR CDC ACCESS SERVICES

The main objective of providing information, reports and account maintenance services through the Interactive Voice Response System, Internet /Web access and Short Messaging Service ("SMS") or any other value added service is to facilitate the /Sub-Account Holders ("Users") with a more modern way to access their information. CDC makes no other warranty of the IVR, Internet /Web access, SMS or any other value added services and Users hereby unconditionally agree that they shall make use of the internet/web access subject to all hazards and circumstances as exist with the use of the internet. CDC shall not be liable to any Users for providing and making available such services and for failure or delay in the provision of SMS to Users and all Users, who use the IVR, internet access, SMS or any other value added services, shall be deemed to have indemnified CDC, its directors, officers and employees for the time being in office and held them harmless from and against any losses, damages, costs and expenses incurred or suffered by them as a consequence of use of the IVR system, internet/web access, SMS or any other value added services.

All Users hereby warrant and agree that their access of the internet /web by the use of a User-ID and login is an advanced electronic signature and upon issuance of such User-ID to the user, they hereby waive any right to raise any objection to the compliance of the User-ID and login with the criteria of an advance electronic signature.

All Users shall by signing this Form and by their conduct of accessing the IVR, internet/Web access, SMS or any other value added services agree to all the terms and conditions and terms of use as shall appear on the CDC website at www.cdcaccess.com.pk which shall be deemed to have been read and agreed to by the Users before signing this form.

Signatures:

Main Applicant	Joint Applicant 1	Joint Applicant 2	Joint Applicant 3	Participant/TREC Holder
_____	_____	_____	_____	_____

Annexure-A

TERMS AND CONDITIONS
Please read and understand the Terms and Conditions before signing and executing this form.

These Terms and Conditions shall constitute a Contract between the Parties hereto. This Contract shall govern opening, maintenance and operations of Trading Account, CDC Sub-Account(s) and sharing of UIN and KYC information to/from NCCPL and ancillary matters connected therewith.

GENERAL TERMS AND CONDITIONS

1. All Trades, Transactions, including non-Exchange Transactions, Derivative Contracts and deals (jointly referred to as "Transactions") between the Parties and Clearing and Settlement thereof and opening, maintenance and operations of Sub-Account in the CDS shall be subject to the Securities Act, 2015, Central Depositories Act, 1997, Pakistan Stock Exchange Limited (PSX) Regulations, Central Depository Company of Pakistan Limited (CDC) Regulations, CKO Regulations, 2017, National Clearing Company of Pakistan Limited (NCCPL) Regulations and the Securities Brokers (Licensing and Operations) Regulation, 2016 including Procedures, Manuals, Polices, Guidelines, Circulars, Directives, and Notifications issued and as amended) thereunder by the Securities and Exchange Commission of Pakistan (SECP), PSX, CDC or NCCPL from time to time.
2. The information provided in KYC application form and/or CRF shall be in addition to and not in derogation of the requirements prescribed under Anti-Money Laundering and Countering Financing of Terrorism Regulations, 2020.
3. The Securities Broker/Participant shall ensure provision of copies of all the relevant laws, rules and regulations at its office for access to the Sub-Account Holder(s)/Customer(s) during working hours. The Securities Broker/Participant shall ensure that its website contains hyperlinks to the websites/pages on the website of PSX, CDC, NCCPL and the SECP displaying above said regulatory framework for reference of the Customers.
4. In case of a Joint Account, all obligations and liabilities of the Applicants under these Terms and Conditions shall be joint and several.
5. These Terms and Conditions shall be binding on the nominee, legal representative, successors in interest and/or permitted assigns of the respective Parties hereto.
6. The Securities Broker/Participant shall provide a list of its Registered Offices and Representatives authorized and employees designated to deal with the Sub-Account Holder(s)/Customer(s) along with their authorized mobile/landline/fax number(s), email and registered addresses. Any change(s) therein shall be intimated in writing to the Sub-Account Holder(s)/Customer(s) with immediate effect.

7. Subject to applicable laws, the Securities Broker/Participant shall maintain strict confidentiality of the Customer related information and shall not disclose the same to any third party. However, in case the SECP, PSX, CDC or any competent authority under the law, as the case may be, requires any such information, the Securities Broker/ Participant shall be obliged to disclose the same for which the Customer shall not raise any objection whatsoever.
8. The Securities Broker/Participant shall independently verify any of the Customer's related information provided in this Form and under the relevant laws, rules and regulations for the purpose of KYC.
9. In case of any change in the Customer's related information provided in this Form, the Customer shall provide necessary details to the Participant/Securities Broker. Upon receipt of instruction from the Customer, the Participant/Securities Broker shall give effect to such changes in the manner prescribed under the relevant regulations. The Participant/Securities Broker shall have the right to incorporate any change(s) in the Sub-Account Holder(s)/Customer's information in the CDS as sent by NCCPL as CKO and that such change(s) shall be deemed to have been authorized by the Sub-Account Holder(s)/Customer(s). In case of any change in the Participant's/Securities Broker's address or contact numbers or any other related information, the Securities Broker/Participant shall immediately notify the Sub-Account Holder(s)/Customer(s).
10. Any change in this Form or these Terms and Conditions by virtue of any changes in the aforesaid legal frameworks shall be deemed to have been incorporated and modified the rights and duties of the Parties hereto. Such change(s) shall be immediately communicated by the Securities Broker/Participant to the Sub-Account Holder(s)/Customer(s).
11. The Securities Broker/Participant and the Customer shall be entitled to terminate this Contract without giving any reasons to each other after giving notice in writing of not less than one month to the other Party. Notwithstanding any such termination, all rights, liabilities and obligations of the Parties arising out of or in respect of Transactions entered into prior to the termination of this Contract shall continue to subsist and vest in /be binding on the respective Parties or his /her/ its respective heirs, executors, administrators, legal representatives or successors in interest and permissible assigns, as the case may be. Closure of Sub-Account of the Customer under this clause shall be subject to the condition that neither any corporate action is pending at that point of time in connection with any Book-entry Securities in the Sub-Account nor any Book-Entry Securities are in Pledged Position and that the outstanding dues, if any, payable by any Party to the other Party is cleared and that the Customer has transferred or withdrawn all the Book-Entry Securities from his/her Sub-Account.
12. Where applicable, the terms "Sub-Account Holder" and "Participant" used in this Form shall include the "Customer" and "Securities Broker/TRE Certificate Holder" respectively.
13. The Securities Broker/Participant should ensure due protection to the Sub-Account Holder / Customer regarding rights to dividend, rights or bonus shares etc. in respect of transactions routed through it and not do anything which is likely to harm the interest of the Sub-Account Holder with/from whom it may have had transactions in securities.
14. The Participant/Securities Broker shall ensure that duly filled in and signed copy of this form along with the acknowledgement receipt is provided to the Sub-Account Holder.

TERMS AND CONDITIONS FOR OPENING AND OPERATIONS OF CDC SUB-ACCOUNT

The Terms and Conditions set herein below shall govern the Sub-Account forming part of the Account Family of the CDS Participant Account of the Participant, which shall be binding on the Sub-Account Holder as well as the Participant:

1. The Registration Details and such other information specified by the Applicant in this form for opening of the Sub-Account shall appear in the Sub-Account to be established by the Participant in the CDS who shall ensure the correctness and completeness of the same.
2. The Book-entry Securities owned by the Sub-Account Holder shall be exclusively entered in the Sub-Account of such Sub-Account Holder.
3. Transfer, Pledge and Withdrawal of Book-entry Securities entered in the Sub-Account of the Sub-Account Holder shall only be made from time to time in accordance with the authorization given by the Sub-Account Holder to the Participant in Part (E) above pursuant to Section 12 and 24 of the Central Depositories Act, 1997. Such authorization shall constitute the congregated / entire authorizations by the Sub-Account Holder(s) in favour of the Participant and supersedes and cancels all prior authorizations (oral, written or electronic) including any different, conflicting or additional terms which appear on any agreement or form the Sub-Account Holder(s) has executed in favour of the Participant.
4. Participant shall be liable to give due and timely effect to the instructions of the Sub-Account Holder given in terms of the above-referred authorization with respect to transfer, pledge and withdrawal of Book-entry Securities entered in his/her Sub-Account under the control of the Participant. Such instructions, among other matters, may include closing of Sub-Account.
5. Participant shall send within 10 days of end of each quarter Account Balance statement to the Sub-Account Holder without any fee or charge showing the number of every Book-entry Security entered in his/her Sub-Account as of the end of the preceding quarter. Such Account Balance statement shall be generated from the CDS. Further, the Sub-Account Holder may request for such statement (including Account Activity reports) from the Participant at any time on payment of a fee on cost basis as prescribed by the Participant. The Participant shall be liable to provide such report/statement to the Sub-Account Holder within 3 Business Days from the date of receipt of such request, with or without charges.
6. In consideration for the facilities and services provided to the Sub-Account Holder by the Participant, the Sub-Account Holder shall pay fees and charges to the Participant as applicable for availing such facilities and services under the Central Depositories Act, 1997, the Regulations and these Terms & Conditions. In case of outstanding payment against any underlying market purchase transaction, charges and/or losses against the Sub-Account Holder, the Participant shall have the right, subject to Clause 3 above and under prior intimation to the Sub-Account Holder to clear the payment, charges and/or losses (including any shortfall in margin requirements) within the reasonable time prescribed by the Participant, to dispose-off the necessary number of Book-entry Securities of the Sub-Account Holder through market-based or Negotiated Deal Market sell transaction and apply the net proceeds thereof towards the adjustment of such outstanding payment, charges and/or losses.
7. Where admission of Participant to the CDS is suspended or terminated by the CDC, the Sub-Account Holder shall have the right, subject to the Regulations and the Procedures made thereunder, to request CDC to change his/her Controlling Account Holder and Participant shall extend full cooperation to the Sub-Account Holder in every regard, without prejudice to its right of recovery of any dues or receivable from the Sub-Account Holder.
8. The provision of services as provided for hereunder shall not constitute Participant as trustee and the Participant shall have no trust or other obligation in respect of the Book-entry Securities except as agreed by the Participant separately in writing.
9. The Participant is not acting under this application form as Investment Manager or Investment Advisor to the Sub-Account Holder(s).

TERMS AND CONDITIONS FOR TRADING ACCOUNT

1. In case any dispute in connection with the Transaction between the Securities Broker and the Customer is not settled amicably, either Party may refer the same to the Arbitration in accordance with the arbitration procedures prescribed in PSX Regulations. The decision of arbitrators shall be binding on both the Parties subject to their rights of appeal in the manner provided in PSX Regulations, if exercised. The name and other relevant particulars of the Customer shall be placed on PSX's website accessible to Securities Brokers if the Customer fails or refuses to abide by or carryout any arbitration award passed against him/her and the Customer shall have no objection to the same.
2. The assets deposited as margin by a Customer with the Securities Broker shall only be used by the Securities Broker for the purposes of dealing in securities through PSX on behalf of such Customer other than as authorized by the Customer in writing in the manner prescribed under the relevant regulations.
3. The Securities Broker may deposit unutilized funds of the Customers in a separate profit-bearing bank account and shall distribute profit to the Customers out of total profit offered by bank(s) on such funds, unless specified otherwise in writing by the Customer.
4. The Securities Broker shall be authorized to act on the instructions of the Customers given through any of the following modes of communication unless specifically designated by the Customer in the Form:
   (a) Telephonic communication over a dedicated telephone line(s) routed through centralized call recording system;
   (b) Email/SMS/Fax/Letter on the authorized email address/mobile/fax/address of the Securities Brokers;
   (c) Verbal orders placed through personal appearance in the registered office subject to receipt of written acknowledgement of such in-person orders by Securities Brokers.
5. The Securities Broker shall make out the Contract Note (physical or electronic form) to the Customers in respect of trades executed on their behalf based on their order instructions not later than the start of next trading day as required under the Securities Brokers (Licensing and Operations) Regulations, 2016 through any of the following acceptable modes of communication unless specifically designated by the Customer in the Form:
   (a) Recognized courier service;
   (b) Registered Post at given correspondence address;
   (c) Facsimile number provided on the Form;
   (d) By hand subject to receipt/acknowledgement; or

(e) Email provided on the Form in case of Electronic Contract Note.

All such transactions recorded by the Securities Broker in the prescribed manner shall be conclusive and binding upon the Customer unless the Customer raises observation relating to unauthorized execution of such transaction or any error in the Contract Note within one trading day of the receipt of such Contract Note. In the event of any dispute relating to order placement or executing of orders, the burden of proof shall be on the Securities Brokers to establish the authenticity of such order placement or execution thereof.

6. In case the Customer fails to deposit additional margins within one trading day of the margin call (in writing), the Securities Broker shall have absolute discretion to liquidate the Customer's outstanding positions including the securities purchased and carried in such account to meet the margin shortfall without further notice to the Customer.
7. The Securities Broker shall be responsible for the payment of any credit cash balance available in the account of the Customer through cross cheques or other banking channels (instruments) only within one (1) trading day of the request of the Customer subject to the maintenance of the margin requirements.
8. The Customer is aware that in the event of his/her non- payment on settlement day against securities bought on his/her account, the Securities Broker may transfer such securities to its Collateral Account under intimation to PSX in the manner as provided in PSX Regulations.
9. The Securities Broker shall accept from the Customer payments through "A/c Payee Only" crossed cheque, bank drafts, pay orders or other banking channels drawn on Customer's own bank account in case of amounts in excess of Rs. 25,000/-. Electronic transfer of funds to the Securities Broker through banks would be regarded as good as cheque. The Securities Broker shall provide the receipt to the Customer(s) in the name of the Customers duly signed by its authorized employee and the Customer(s) shall be responsible to obtain the receipt thereof. In case of cash dealings, proper receipt will be taken and given to the Customer(s), specifically mentioning if payment is for margin or the purchase of securities. The Securities Broker shall immediately deposit in its bank account all cash received in whole i.e. no payments shall be made from the cash received from clients. However, in exceptional circumstances, where it becomes necessary for Securities Broker to accept cash in excess of Rs.25,000/-, the Securities Broker shall immediately report within one trading day such instances with rationale thereof to the PSX in accordance with the mechanism prescribed by PSX.
10. The Securities Brokers shall make all payments to the Customers through crossed cheques / bank drafts / pay orders or any other banking channels showing payment of amount from their business bank account. Copies of these payment instruments including cheques, pay orders, demand drafts and online instructions shall be kept in record for a minimum period prescribed under the Securities Brokers (Licensing and Operations) Regulations, 2016.
11. The Securities Broker shall provide to the Customers a quarterly Account Statement which shall include cash and securities ledgers as back office and CDC Sub-Account records along with reconciliation of any differences therein through any of the aforesaid modes of communication. In case of any discrepancy in the ledger statement, the Customer shall inform the Securities Broker within seven (7) days of receipt of the quarterly account statement to remove such discrepancy. Further, the Securities Broker shall provide to a Customer an Account Statement for a period specified by the Customer as and when requested by such Customer.
12. The Customer shall pay all applicable taxes and statutory and regulatory fee and levies and brokerage commissions as are prevailing from time to time in connection with the brokerage services rendered. The Securities Broker/Participant can debit up to the accrued amount of levies and charges the account of the Customers for the abovementioned charges, which shall be clearly detailed in the ledger statement/daily confirmations. Any change resulting in an increase in the brokerage commission shall take effect not earlier than thirty (30) days of intimation of the same to the Customers through acceptable mode of communication prescribed in the Form.
13. The Securities Broker shall append a Risk Disclosure Document with this Form in accordance with the specimen provided by PSX.

Place Logo Here!

Name of Entity (Participant/ TRE Certificate Holder)

[Registered Address]

CUSTOMER RELATIONSHIP FORM FOR COMPANY AND OTHER BODY CORPORATE

For official use of the Participant/TRE Certificate Holder only	
Application Form No.	
TRE Certificate No.	
Securities Broker Registration No.	
CDS Participant ID	
Sub-Account No.	
Trading Account No. (Back-office ID) ***(if applicable)***	
Investor Account No.	

(Please Also Fill KYC APPLICATION FORM)

(*Please use BLOCK LETTERS to fill the form*)

I/We hereby apply for opening of my/our following account [**please tick (✓) only one relevant box**] with [insert name of the Participant/TRE Certificate Holder]:

1. ☐ **Trading & Sub-Account** [Opening of Account with Securities Broker for trading, custody and settlement]
2. ☐ **Investor Account with CDC** 3. ☐ **Sub-Account with Participant**
4. ☐ **Trading Account** [Opening of Account with a Securities Broker for trading purpose only]

Note: In case applicant chooses option # 4 above, then he/she shall choose any of the following:

- ☐ **Subscribe to Direct Settlement Services (DSS) with CDC**
- ☐ **Subscribe to National Custodial Services (NCS) with NCCPL**
- ☐ **Others (please specify e.g. CCM/ NBCM)** _____

A. REGISTRATION (AND OTHER) DETAILS OF APPLICANT (The information should be same as provided in the KYC Application Form)	
1. Full name of Applicant (As per constitutive documents)	**UKN No.**
2. Registration Number / Unique Identification Number ("UIN"):	

Email address of the Company/Body Corporate (Applicant) shall be provided in the KYC Application Form for *e*Alert/ *e*Statement from CDC as a mandatory requirement. This information will also be used where any other service is subscribed under the CDC access. Details of Contact Person as provided in the KYC Application Form shall be used for CDS.

B. OTHER ACCOUNT LEVEL INFORMATION

1. Bank Details: The bank account information as provided in the KYC Application Form shall be used.

2. Residential Status / Basis of Remittance *[Please tick (✓) the appropriate box]*	*Resident*	*Non-Resident*	*Repatriable*	*Non-Repatriable*
Pakistani	☐	☐	☐	☐
Foreign Company / Body Corporate	☐	☐	☐	☐

C. CDC ACCESS

CDC provides ***FREE OF COST*** services under CDC access whereby Sub-account holders/Investor Accountholders can have real time access to their account related information.

1. Do you wish to subscribe to free of cost IVR/Web Service? **2.** [*Please tick (□) the appropriate box]*	☐	Yes	☐	No

2. If you are subscribing to IVR and Web Service, please provide following details of your Contact Person:

(a) Date of Birth	D	D	/	M	M	/	Y	Y	Y	Y	
(b) Mother's Maiden Name:											

D. AUTHORIZATION UNDER SECTIONS 12 AND 24 OF THE CDC ACT EXCLUSIVELY FOR SETTLEMENT OF UNDERLYING TRADES, PLEDGE AND RECOVERY OF PAYMENTS, CHARGES AND LOSSES (FOR SUB-ACCOUNT ONLY)

I/we the undersigned, hereby give our express authority to the Participant under Section 12 and Section 24 of the Central Depositories Act, 1997 to handle Book-entry Securities beneficially owned by me/us and entered in our Sub-Account maintained with the Participant for securities transactions that are exclusively meant for the following purposes:

a. For the settlement of any underlying market transactions (trades) including off market transactions made by me/us from time to time;
b. For pledge securities transactions with the Clearing House relating to any of our underlying market transactions (trades) to be settled through the Clearing House from time to time;
c. For the recovery of payment against any underlying market purchase transactions made by us from time to time;
d. Movement by us from time to time of our Book-entry Securities from our Sub-Account under the Main Account under the control of the Participant to our Sub-Account under another Main Account under the control of the Participant or to our Sub-Account under any Main Account which is under the control of another Participant or to our Investor Account;
e. For the recovery of any charges or losses against any or all of the above transactions carried out by us or services availed; and/or
f. Delivery Transaction made by us for any other purposes as prescribed by the Commission from time to time.

Specific authority on each occasion shall be given by us to the Participant for handling of Book-entry Securities beneficially owned by us for all other purposes as permitted under the applicable laws and regulations.

Note: Please note that above shall serve as a standing authorization to the Participant for handling of Book-entry Securities owned by the undersigned Sub-Account Holder(s) and entered in their Sub-Account maintained with the Participant. Handling of Book-entry Securities for all other

purposes should however require specific authority in writing from the undersigned Sub-Account Holder(s) in favour of the Participant. For handling of Book-entry Securities worth Rs. 500,000/- and above, the above mentioned specific authority shall be obtained on non-judicial stamp paper.

E. OPERATING INSTRUCTIONS

		Names of Signatory(ies)	Specimen Signatures
1. Signatory(ies) to give instruction to the Participant/TREC Holder pertaining to the operations of the Investor Account / Sub-Account / Trading Account. (*Please specify Investor account, sub- account and trading account operating instructions in the relevant column along with names and specimen signatures of authorised signatories*)	(a)		
	(b)		
	(c)		
	(d)		

2. Investor Account/Sub-Account Operating Instructions in writing: [Please (✓) appropriate box]	☐	Singly	☐	Attorney
	☐	Jointly [any] _____ *(Please mention the relevant numbers of the signatories)*		
3. Trading Account Operating Instructions: [Please (✓) appropriate box]	☐	Singly	☐	Attorney
	☐	Jointly [any] _____ *(Please mention the relevant numbers of the signatories)*		

F. AUTHORIZED SIGNATORIES OF THE APPLICANT	**Date & Place:**

We hereby agree to admit the Applicant as the Investor Accountholder/Sub-Account Holder in terms of the enclosed Terms and Conditions as amended from time to time and shall abide by the same in respect of opening, maintenance and operation of such Investor Account/Sub-Account.

Name of Participant/TREC Holder:	**Date:**
Participant's/TREC Holder's Seal & Signature:	
Witnesses:	
1. Name:	
Signature: CNIC No:	
2. Name:	
Signature: CNIC No:	

Enclosures*:

1. Certified copy of Board Resolution/Power of Attorney (specimen provided as per **Annexure-A** below).
2. Copies of valid Computerized National Identity Cards/NICOP/Passports of the Authorized Signatories.
3. Certified copies of Constitutive Documents of the Applicant (Memorandum & Articles of Association, Act/Charter/Statute/Bylaws/Rules & Regulations, Certificate of Incorporation, Certificate of commencement of business, Prospectus for Modaraba, relevant licences and registration issued by regulatory bodies etc.).
4. Certified copy of NTN Certificate (If exempted, please provide supporting documents/Letter of Undertaking, where the applicant opt not to obtain NTN).
5. Certified copy of list of Directors/Trustees (if applicable).
6. Terms and Conditions of relevant service provider, as applicable.
7. Specimen Signature Card (for Investor Accountholder(s) only)

* **Note**: Non-resident/ foreigners shall submit the documents duly attested by either notary public or Consul General of Pakistan having jurisdiction over the Applicant(s). However, in case of non-resident/ foreigner belonging to the country or state which has acceded to the Convention of 5 October 1961 Abolishing the Requirement of Legalization for Foreign Public Documents (Apostille Convention), the non-resident/ foreigner may opt to submit the requisite documents with the Apostille issued by the Competent Authority under the Apostille Convention.

G. FOR THE USE OF PARTICIPANT/TREC HOLDER ONLY

Particulars of Customer Relationship Form verified by :

Application:	☐	Approved	☐	Rejected	Signature: (Authorized signatory)/Stamp	Date:	
Investor Account/Sub-Account no. issued:							
Investor Account/Sub-Account /Trading Account opened by:							
Saved by:					Posted by:		
Signature:		Date:			Signature:	Date:	
Remarks: *(if any)*							

ACKNOWLEDGEMENT RECEIPT

Application No:	Date of receipt:
I/We hereby confirm and acknowledge the receipt of duly filled and signed Customer Relationship Form from the following Applicant:	
[Insert Name of Applicant(s)]	**Participant's / TREC Holder Seal & Signature:**
1.	
2.	
3.	
4.	

TERMS AND CONDITIONS

Please read and understand the Terms and Conditions, attached herewith as **Annexure B**, before signing and executing this form

DECLARATION & UNDERTAKING

We, the undersigned Applicants, hereby declare that:

a) We are not in receivership, court-appointed managership or under winding-up or under any analogous form of administration;
b) We are not applied to be adjudicated as an insolvent and that we have not suspended payment and that we have not compounded with our creditors;

c) We are not an undischarged insolvent;
d) None of our chief executive, directors or other officers have, at any time within 5 years before making this application, been convicted of an offence involving moral turpitude or a non-cognisable offence against any law in connection with our business, professional or commercial activities;
e) We confirm and acknowledge that we have received the Terms and Conditions, duly stamped, dated, and signed by the Compliance Officer of Securities Broker/Participant, as an annexure to this Form at the time of signing of this Form and have carefully read, understood and accepted the attached Terms and Conditions which are deemed to be a part of this Form and we hereby unconditionally and irrevocably agree and undertake to be bound by and to comply with the attached Terms and Conditions and any other Terms and Conditions provided to us and placed on the website of the Securities Broker/Participant, which may be notified from time to time with the approval of the concerned authorities modifying or substituting all or any of the attached Terms and Conditions in connection with the opening, maintenance and operation of the Sub-Account /Trading Account, as the case may be;
f) We hereby confirm that the Terms and Conditions shall constitute a Contract between the Parties hereto and govern opening, maintenance and operations of Trading Account, Sub-Account which shall be binding on the Sub-Account Holder as well as the Securities Broker/Participant and sharing of UIN and KYC information to/from NCCPL and ancillary matters connected therewith;
g) We, being the Applicant, hereby further confirm that all the information contained in this form is true and correct to the best of our knowledge as on the date of making this application;
h) We further agree that any false/misleading information by us or suspension of any material fact will render our Sub-Account/ Trading Account, as the case may be, liable for termination and further action under the law;
i) We specifically declare and undertake that all the documents filed/submitted by us for the purpose of this application are genuine and valid, bearing genuine signatures and stamps of duly authorized individuals/representatives (or, where applicable, officers of the foreign company concerned) and are in accordance with the applicable law;
j) We agree that we shall not place any trading order in case of any concern or disagreement with any Terms and Conditions shared by Securities Broker/Participant and placement of trading order shall mean that we have affirmed/consented with the Terms and Conditions; and
k) We hereby now apply for opening, maintaining and operating Sub-Account/Trading Account, as the case may be, with the Securities Broker/Participant.

I, the undersigned as Securities Broker/Participant, hereby declare/ undertake/confirm that:

l) I have provided in full the Terms and Conditions attached as an Annexure to this Form to the Customer/Sub-Account Holder at the time of filing of this Form and I hereby further confirm that provided Terms and Conditions are available on our website and update the same immediately upon occurrence of any change in Terms and Conditions. I further confirm that trading account/Sub-Account of customer/Sub-Account Holder shall be activated/opened only upon affirmation of the Terms and Conditions by the customer/Sub-Account Holder; and
m) I have no doubt or concern that the Terms and Conditions shared with Customer/Sub-Account Holder by us are not updated and has any difference when compared with the specified Terms and Conditions and the attached Terms and Conditions also form part of this Form.

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The main objective of providing information, reports and account maintenance services through the Interactive Voice Response System, Internet /Web access and Short Messaging Service ("SMS") or any other value added service is to facilitate the Sub-Account Holders ("Users") with a more modern way to access their information. CDC makes no other warranty of the IVR, Internet /Web access, SMS or any other value added services and Users hereby unconditionally agree that they shall make use of the internet/web access subject to all hazards and circumstances as exist with the use of the internet. CDC shall not be liable to any Users for providing and making available such services and for failure or delay in the provision of SMS to Users and all Users, who use the IVR, internet access, SMS or any other value added services, shall be deemed to have indemnified CDC, its directors, officers and employees for the time being in office and held them harmless from and against any losses, damages, costs and expenses incurred or suffered by them as a consequence of use of the IVR system, internet/web access, SMS or any other value added services.

All Users hereby warrant and agree that their access of the internet /web by the use of a User-ID and login is an advanced electronic signature and upon issuance of such User-ID to the user, they hereby waive any right to raise any objection to the compliance of the User-ID and login with the criteria of an advance electronic signature.

All Users shall by signing this Form and by their conduct of accessing the IVR, internet/Web access, SMS or any other value added services agree to all the terms and conditions and terms of use as shall appear on the CDC website at www.cdcaccess.com.pk which shall be deemed to have been read and agreed to by the Users before signing this form.

Signatures:

Authorized signatories of the Applicant _____

Participant/TREC Holder _____

Annexure-A
BOARD RESOLUTION

"RESOLVED that an application be made on behalf of _____ (name of entity) to _____ ("broker") for opening an Account and for the afore-said purpose the Customer Relationship Form including Terms and Conditions as set out herein be executed on behalf of _____ (name of entity).

FURTHER RESOLVED that Mr. /Ms. _____ and Mr. /Ms. _____ be and are hereby authorized and empowered, either singly/jointly for and on behalf of _____ (name of entity) to sign and execute and deliver this Customer Relationship Form and Terms and Conditions and other documents in connection therewith, and to do any other act, deed or thing for and on behalf of _____ (name of entity) in respect of company's application for opening an Account.

FURTHER RESOLVED that Mr./Ms. _____ and Mr./Ms. _____ be and are hereby authorized and empowered, either singly/jointly to represent to the Securities Broker on all matters pertaining to the maintenance and operation of the Account, to deal, liaise and correspond with broker and give instructions to fulfill all the responsibilities and obligations to Securities Broker under the Law, Rules and Regulations and the Terms and Conditions in relation to the Account from time to time, and to deal with other incidental and ancillary acts, things and deeds".

Signatures of the Directors

1. _____ 2. _____ 3. _____ 4. _____

5. _____

Date of Resolution: _____

Annexure-B

TERMS AND CONDITIONS
Please read and understand the Terms and Conditions before signing and executing this form.

These Terms and Conditions shall constitute a Contract between the Parties hereto. This Contract shall govern opening, maintenance and operations of Trading Account, CDC Sub-Account(s) and sharing of UIN and KYC information to/from NCCPL and ancillary matters connected therewith.

GENERAL TERMS AND CONDITIONS

1. All Trades, Transactions, including non-Exchange Transactions, Derivative Contracts and deals (jointly referred to as "Transactions") between the Parties and Clearing and Settlement thereof and opening, maintenance and operations of Sub-Account in the CDS shall be subject to the Securities Act, 2015, Central Depositories Act, 1997, Pakistan Stock Exchange Limited (PSX) Regulations, Central Depository Company of Pakistan Limited (CDC) Regulations, CKO Regulations, 2017, National Clearing Company of Pakistan Limited (NCCPL) Regulations and the Securities Brokers (Licensing and Operations) Regulation, 2016 including Procedures, Manuals, Polices, Guidelines, Circulars, Directives, and Notifications issued and as amended thereunder by the Securities and Exchange Commission of Pakistan (SECP), PSX, CDC or NCCPL from time to time.
2. The information provided in KYC application form and/or CRF shall be in addition to and not in derogation of the requirements prescribed under Anti-Money Laundering and Countering Financing of Terrorism Regulations, 2020.
3. The Securities Broker/Participant shall ensure provision of copies of all the relevant laws, rules and regulations at its office for access to the Sub-Account Holder(s)/Customer(s) during working hours. The Securities Broker/Participant shall ensure that its website contains hyperlinks to the websites/pages on the website of PSX, CDC, NCCPL and the SECP displaying above said regulatory framework for reference of the Customers.
4. In case of a Joint Account, all obligations and liabilities of the Applicants under these Terms and Conditions shall be joint and several.
5. These Terms and Conditions shall be binding on the nominee, legal representative, successors in interest and/or permitted assigns of the respective Parties hereto.
6. The Securities Broker/Participant shall provide a list of its Registered Offices and Representatives authorized and employees designated to deal with the Sub-Account Holder(s)/Customer(s) along with their authorized mobile/landline/fax number(s), email and registered addresses. Any change(s) therein shall be intimated in writing to the Sub-Account Holder(s)/Customer(s) with immediate effect.
7. Subject to applicable laws, the Securities Broker/Participant shall maintain strict confidentiality of the Customer related information and shall not disclose the same to any third party. However, in case the SECP, PSX, CDC or any competent authority under the law, as the case may be, requires any such information, the Securities Broker/ Participant shall be obliged to disclose the same for which the Customer shall not raise any objection whatsoever.
8. The Securities Broker/Participant shall independently verify any of the Customer's related information provided in this Form and under the relevant laws, rules and regulations for the purpose of KYC.
9. In case of any change in the Customer's related information provided in this Form, the Customer shall provide necessary details to the Participant/Securities Broker. Upon receipt of instruction from the Customer, the Participant/Securities Broker shall give effect to such changes in the manner prescribed under the relevant regulations. The Participant/Securities Broker shall have the right to incorporate any change(s) in the Sub-Account Holder(s)/Customer's information in the CDS as sent by NCCPL as CKO and that such change(s) shall be deemed to have been authorized by the Sub-Account Holder(s)/Customer(s). In case of any change in the Participant's/Securities Broker's address or contact numbers or any other related information, the Securities Broker/Participant shall immediately notify the Sub-Account Holder(s)/Customer(s).
10. Any change in this Form or these Terms and Conditions by virtue of any changes in the aforesaid legal frameworks shall be deemed to have been incorporated and modified the rights and duties of the Parties hereto. Such change(s) shall be immediately communicated by the Securities Broker/Participant to the Sub-Account Holder(s)/Customer(s).
11. The Securities Broker/Participant and the Customer shall be entitled to terminate this Contract without giving any reasons to each other after giving notice in writing of not less than one month to the other Party. Notwithstanding any such termination, all rights, liabilities and obligations of the Parties arising out of or in respect of Transactions entered into prior to the termination of this Contract shall continue to subsist and vest in /be binding on the respective Parties or his/ her/its respective heirs, executors, administrators, legal representatives or successors in interest and permissible assigns, as the case may be. Closure of Sub-Account of the Customer under this clause shall be subject to the condition that neither any corporate action is pending at that point of time in connection with any Book-entry Securities in the Sub-Account nor any Book-Entry Securities are in Pledged Position and that the outstanding dues, if any, payable by any Party to the other Party is cleared and that the Customer has transferred or withdrawn all the Book-Entry Securities from its Sub-Account.
12. Where applicable, the terms "Sub-Account Holder" and "Participant" used in this Form shall include the "Customer" and "Securities Broker/TRE Certificate Holder" respectively.
13. The Securities Broker/Participant should ensure due protection to the Sub-Account Holder / Customer regarding rights to dividend, rights or bonus shares etc. in respect of transactions routed through it and not do anything which is likely to harm the interest of the Sub-Account Holder with/from whom it may have had transactions in securities.
14. The Participant/Securities Broker shall ensure that duly filled in and signed copy of this form along with the acknowledgement receipt is provided to the Sub-Account Holder.

TERMS AND CONDITIONS FOR OPENING AND OPERATIONS OF CDC SUB-ACCOUNT

The Terms and Conditions set herein below shall govern the Sub-Account forming part of the Account Family of the CDS Participant Account of the Participant, which shall be binding on the Sub-Account Holder as well as the Participant:

1. The Registration Details and such other information specified by the Applicant in this form for opening of the Sub-Account shall appear in the Sub-Account to be established by the Participant in the CDS who shall ensure the correctness and completeness of the same.
2. The Book-entry Securities owned by the Sub-Account Holder shall be exclusively entered in the Sub-Account of such Sub-Account Holder.
3. Transfer, Pledge and Withdrawal of Book-entry Securities entered in the Sub-Account of the Sub-Account Holder shall only be made from time to time in accordance with the authorization given by the Sub-Account Holder to the Participant in Part (D) above pursuant to Section 12 and 24 of the Central Depositories Act, 1997. Such authorization shall constitute the congregated / entire authorizations by the Sub-Account Holder(s) in favour of the Participant and supersedes and cancels all prior authorizations (oral, written or electronic) including any different, conflicting or additional terms which appear on any agreement or form the Sub-Account Holder(s) has executed in favour of the Participant.
4. Participant shall be liable to give due and timely effect to the instructions of the Sub-Account Holder given in terms of the above-referred authorization with respect to transfer, pledge and withdrawal of Book-entry Securities entered in its Sub-Account under the control of the Participant. Such instructions, among other matters, may include closing of Sub-Account.
5. Participant shall send within 10 days of end of each quarter Account Balance statement to the Sub-Account Holder without any fee or charge showing the number of every Book-entry Security entered in its Sub-Account as of the end of the preceding quarter. Such Account Balance statement shall be generated from the CDS. Further, the Sub-Account Holder may request for such statement (including Account Activity reports) from the Participant at any time on payment of a fee on cost basis as prescribed by the Participant. The Participant shall be liable to provide such report/statement to the Sub-Account Holder within 3 Business Days from the date of receipt of such request, with or without charges.

6. In consideration for the facilities and services provided to the Sub-Account Holder by the Participant, the Sub-Account Holder shall pay fees and charges to the Participant as applicable for availing such facilities and services under the Central Depositories Act, 1997, the Regulations and these Terms and Conditions. In case of outstanding payment against any underlying market purchase transaction, charges and/or losses against the Sub-Account Holder, the Participant shall have the right, subject to Clause 3 above and under prior intimation to the Sub-Account Holder to clear the payment, charges and/or losses (including any shortfall in margin requirements) within the reasonable time prescribed by the Participant, to dispose-off the necessary number of Book-entry Securities of the Sub-Account Holder through market-based or Negotiated Deal Market sell transaction and apply the net proceeds thereof towards the adjustment of such outstanding payment, charges and/or losses.
7. Where admission of Participant to the CDS is suspended or terminated by the CDC, the Sub-Account Holder shall have the right, subject to the Regulations and the Procedures made thereunder, to request CDC to change its Controlling Account Holder and Participant shall extend full cooperation to the Sub-Account Holder in every regard, without prejudice to its right of recovery of any dues or receivable from the Sub-Account Holder.
8. The provision of services as provided for hereunder shall not constitute Participant as trustee and the Participant shall have no trust or other obligation in respect of the Book-entry Securities except as agreed by the Participant separately in writing.
9. The Participant is not acting under this application form as Investment Manager or Investment Advisor to the Sub-Account Holder(s).

TERMS AND CONDITIONS FOR TRADING ACCOUNT

1. In case any dispute in connection with the Transaction between the Securities Broker and the Customer is not settled amicably, either Party may refer the same to the Arbitration in accordance with the arbitration procedures prescribed in PSX Regulations. The decision of arbitrators shall be binding on both the Parties subject to their rights of appeal in the manner provided in PSX Regulations, if exercised. The name and other relevant particulars of the Customer shall be placed on PSX's website accessible to Securities Brokers if the Customer fails or refuses to abide by or carryout any arbitration award passed against him and the Customer shall have no objection to the same.
2. The assets deposited as margin by a Customer with the Securities Broker shall only be used by the Securities Broker for the purposes of dealing in securities through PSX on behalf of such Customer other than as authorized by the Customer in writing in the manner prescribed under the relevant regulations.
3. The Securities Broker may deposit unutilized funds of the Customers in a separate profit-bearing bank account under intimation to such Customers and shall distribute such profit to the Customers out of total profit accrued on such funds as mutually agreed in writing between the Broker and Customer.
4. The Securities Broker shall be authorized to act on the instructions of the Customers given through any of the following modes of communication unless specifically designated by the Customer in the Form:
   (a) Telephonic communication over a dedicated telephone line(s) routed through centralized call recording system;
   (b) Email/SMS/Fax/Letter on the authorized email address/mobile/fax/address of the Securities Brokers;
   (c) Verbal orders placed through personal appearance in the registered office subject to receipt of written acknowledgement of such in-person orders by Securities Brokers.
5. The Securities Broker shall make out the Contract Note (physical or electronic form) to the Customers in respect of trades executed on their behalf based on their order instructions not later than the start of next trading day as required under the Securities Brokers (Licensing and Operations) Regulations, 2016 through any of the following acceptable modes of communication unless specifically designated by the Customer in the Form:
   (a) Recognized courier service;
   (b) Registered Post at given correspondence address;
   (c) Facsimile number provided on the Form;
   (d) By hand subject to receipt/acknowledgement; or
   (e) Email provided on the Form in case of Electronic Contract Note.

   All such transactions recorded by the Securities Broker in the prescribed manner shall be conclusive and binding upon the Customer unless the Customer raises observation relating to unauthorized execution of such transaction or any error in the Contract Note within one trading day of the receipt of such Contract Note.

   In the event of any dispute relating to order placement or executing of orders, the burden of proof shall be on the Securities Brokers to establish the authenticity of such order placement or execution thereof.
6. In case the Customer fails to deposit additional margins within one trading day of the margin call (in writing), the Securities Broker shall have absolute discretion to liquidate the Customer's outstanding positions including the securities purchased and carried in such account to meet the margin shortfall without further notice to the Customer.
7. The Securities Broker shall be responsible for the payment of any credit cash balance available in the account of the Customer through cross cheques or other banking channels (instruments) only within one (1) trading day of the request of the Customer subject to the maintenance of the margin requirements.
8. The Customer is aware that in the event of its non- payment on settlement day against securities bought on its account the Securities Broker may transfer such securities to its Collateral Account under intimation to PSX in the manner as provided in PSX Regulations.
9. The Securities Broker shall accept from the Customer payments through "A/c Payee Only" crossed cheque, bank drafts, pay orders or other banking channels drawn on Customer's own bank account in case of amounts in excess of Rs. 25,000/-. Electronic transfer of funds to the Securities Broker through banks would be regarded as good as cheque. The Securities Broker shall provide the receipt to the Customer(s) in the name of the Customers duly signed by its authorized employee and the Customer(s) shall be responsible to obtain the receipt thereof. In case of cash dealings, proper receipt will be taken and given to the Customer(s), specifically mentioning if payment is for margin or the purchase of securities. The Securities Broker shall immediately deposit in its bank account all cash received in whole i.e. no payments shall be made from the cash received from clients. However, in exceptional circumstances, where it becomes necessary for Securities Broker to accept cash in excess of Rs.25,000/-, the Securities Broker shall immediately report within one trading day such instances with rationale thereof to the PSX in accordance with the mechanism prescribed by PSX.
10. The Securities Brokers shall make all payments to the Customers through crossed cheques / bank drafts / pay orders or any other banking channels showing payment of amount from their business bank account. Copies of these payment instruments including cheques, pay orders, demand drafts and online instructions shall be kept in record for a minimum period prescribed under the Securities Brokers (Licensing and Operations) Regulations, 2016.
11. The Securities Broker shall provide to the Customers a quarterly Account Statement which shall include cash and securities ledgers as back office and CDC Sub-Account records along with reconciliation of any differences therein through any of the aforesaid modes of communication. In case of any discrepancy in the ledger statement, the Customer shall inform the Securities Broker within seven (7) days of receipt of the quarterly account statement to remove such discrepancy. Further, the Securities Broker shall provide to a Customer an Account Statement for a period specified by the Customer as and when requested by such Customer.
12. The Customer shall pay all applicable taxes and statutory and regulatory fee and levies and brokerage commissions as are prevailing from time to time in connection with the brokerage services rendered. The Securities Broker/Participant can debit up to the accrued amount of levies and charges the account of the Customers for the abovementioned charges, which shall be clearly detailed in the ledger statement/daily confirmations. Any change resulting in an increase in the brokerage commission shall take effect not earlier than thirty (30) days of intimation of the same to the Customers through acceptable mode of communication prescribed in the Form.
13. The Securities Broker shall append a Risk Disclosure Document with this Form in accordance with the specimen provided by PSX.

CRF for Customers of "Trading Only Securities Broker" and "Online Only Securities Broker" which shall maintain custody of securities with PCM or Trading and Clearing Securities Broker

Place Logo Here!	Place Logo Here!
Name of Securities Broker	Name of PCM or T&C Securities Broker
[Registered Address]	[Registered Address]

For official use of the Participant (who is PCM/ T&C for all categories of Securities Brokers)	
Application Form No.	
TRE Certificate No.	
Securities Broker Registration No.	
CDS Participant ID	
Sub-Account No.	
Trading Account No. (Back-office ID) (if applicable)	

CUSTOMER RELATIONSHIP FORM FOR INDIVIDUALS

(Please Also Fill KYC APPLICATION FORM for Main and Joint Applicants)

Nature of Account	Single		Joint	

(*Please use BLOCK LETTERS to fill the form*)

I/We hereby apply for opening of my/our Trading Account with the Securities Broker and Sub-Account with the Participant who is PCM/ T&C (providing settlement and custody services to all categories of Securities Brokers):

A. REGISTRATION (AND OTHER) DETAILS OF MAIN APPLICANT (The information should be same as provided in the KYC Application Form)																
1. Full name of Applicant (As per CNIC/SNIC/NICOP/ARC/POC/Passport) MR. / MRS. / MS.															**UKN No.**	
2. CNIC ☐ **SNIC** ☐ **NICOP** ☐ **ARC** ☐ **POC** ☐ **Passport No.** ☐ *[Please tick (✓) appropriate box]*																
3. Details of Contact Person: [*Note: Contact Person shall not be the person other than the Main Applicant, any one of the Joint Applicants or their Attorney. However, Attorney shall not be a Participant/TRE Certificate Holder or its Director or Representative. Where Contact Person is the Main Applicant or any of the Joint Applicants, please tick (✓) the appropriate box (a) below and use the contact details of such Contact Person as provided in the KYC Application Form for CDS. Where Contact Person is an Attorney, please provide details in (a) to (i) below]*																
(a) Contact Person: Main Applicant ☐ Joint Applicant No. 1 ☐ Joint Applicant No. 2 ☐ Joint Applicant No. 3 ☐ Attorney ☐																
(b) Attorney Name: MR. / MRS. / MS.																
(c) Mailing Address:																
(d) **CNIC** ☐ **SNIC** ☐ **NICOP** ☐ **ARC** ☐ **POC No.** ☐ *[Please tick (✓) appropriate box]*																
(e) Expiry date of CNIC//SNIC/NICOP/ARC/POC:	D	D	/	M	M	/	Y	Y	Y	Y	Life Time: ☐					
(f) Passport details: (*For a foreigner)*	Passport Number:						Place of Issue:									
	Date of Issue:						Date of Expiry:									
(g) Contact No: • Land Line No.: (optional) • Local Mobile No.: (*)	(h) Email:(*)															
*Where the Contact Person is resident, local mobile number shall be provided for the purpose of subscription to SMS as a mandatory requirement. Where the Contact Person is a non-resident, email address shall be provided for *e*Alert/ *e*Statement from CDC as a mandatory requirement. In case the Contact Person is an Attorney, the Attorney shall receive such services. This information will also be used where any other service is subscribed under the CDC access.																
4. Permanent Address: [The address should be of the Main Applicant]	*Please use the details as provide in the KYC Application Form and enter the same in the CDS*															
B. REGISTRATION (AND OTHER) DETAILS OF THE JOINT APPLICANT(S) (The information should be same as provided in the KYC Application Form. Complete details of Joint Holders shall be fetched from the Central Portal / KIS)																
JOINT APPLICANT NO. 1																
1. Full name of Applicant (As per CNIC/SNIC/NICOP/ARC/POC/Passport) MR. / MRS. / MS.															**UKN No.**	
2. CNIC ☐ **SNIC** ☐ **NICOP** ☐ **ARC** ☐ **POC** ☐ **Passport No:** ☐ *[Please tick (✓) appropriate box]*																
JOINT APPLICANT NO. 2																
1. Full name of Applicant (As per CNIC/SNIC/NICOP/ARC/POC/Passport) MR. / MRS. / MS.															**UKN No.**	
2. CNIC ☐ **SNIC** ☐ **NICOP** ☐ **ARC** ☐ **POC** ☐ **Passport No:** ☐ *[Please tick (✓) appropriate box]*																

JOINT APPLICANT NO. 3															
1. Full name of Applicant (As per CNIC/SNIC/NICOP/ARC/POC/Passport) MR. / MRS. / MS.															**UKN No.**
2. CNIC ☐ **SNIC** ☐ **NICOP** ☐ **ARC** ☐ **POC** ☐ **Passport No:** ☐ *[Please tick (✓) appropriate box]*															

C. OTHER ACCOUNT LEVEL INFORMATION			
1. Bank Details:	The bank account information of the Main Applicant as provided in the KYC Application Form shall be used.		
2. Residential Status:	The Resident Status of the Main Applicant as provided in the KYC Application Form shall be used.		
3. Basis of Remittance	*[Please tick (✓) the appropriate boxes]*	*Repatriable*	*Non-Repatriable*
Non-resident Pakistani		☐	☐
Foreigner/ Pakistani Origin		☐	☐

4. Zakat Status: [*If, according to the Fiqh of the Applicant(s), Zakat is not deductible, then relevant Declaration on prescribed format shall be submitted by all the Applicant(s) with the concerned Participant].* *Non-Muslims shall submit an affidavit.*	Please tick (□) the appropriate box
	☐ Muslim Zakat deductible
	☐ Muslim Zakat non-deductible
	☐ Not Applicable

5. Particulars of nominee (Optional but if desired, nomination should only be made in case of sole individual and not joint account) *[Nomination may be made in terms of requirements of Section 79 of the Companies Act, 2017, which inter alia requires that person nominated as aforesaid shall not be a person other than the following relatives of the Sub-Account Holder, namely: a spouse, father, mother, brother, sister and son or daughter.]*								
	(a) Name of Nominee:							
	(b) Relationship with Main Applicant: *[Please tick (✓) appropriate box]*	☐	Spouse	☐	Father	☐	Mother	
		☐	Brother	☐	Sister	☐	Son	
		☐	Daughter					
	(c) CNIC ☐ SNIC ☐ NICOP ☐ ARC ☐ POC No: ☐ *[Please tick (✓) appropriate box]*							
	(d) Expiry date of CNIC /SNIC/ NICOP / ARC / POC:							
	(e) Passport details: *(In case of a foreigner or a Pakistani origin)*	Passport Number:						
		Place of Issue:						
		Date of Issue:						
		Date of Expiry:						

D. CDC access: CDC provides ***FREE OF COST*** services under CDC access whereby Sub-Account holders can have real time access to their account related information.				
1. Do you wish to subscribe to free of cost IVR/Web Service? [*Please tick (□) the appropriate box]*	☐	Yes	☐	No

2. If you are subscribing to IVR and Web Service, please provide following details of your Contact Person:											
(a) Date of Birth	D	D	/	M	M	/	Y	Y	Y	Y	
(b) Mother's Maiden Name:											

E. AUTHORIZATION UNDER SECTIONS 12 AND 24 OF THE CDC ACT EXCLUSIVELY FOR SETTLEMENT OF UNDERLYING TRADES, PLEDGE AND RECOVERY OF PAYMENTS, CHARGES AND LOSSES (FOR SUB-ACCOUNT ONLY)

I/we the undersigned, hereby give my/our express authority to the Participant under Section 12 and Section 24 of the Central Depositories Act, 1997 to handle Book-entry Securities beneficially owned by me/us and entered in my/our Sub-Account maintained with the Participant for securities transactions that are exclusively meant for the following purposes:

a. For the settlement of any underlying market transactions (trades) including off market transactions made by me/us from time to time;
b. For pledge securities transactions with the Clearing House relating to any of my/our underlying market transactions (trades) to be settled through the Clearing House from time to time;
c. For the recovery of payment against any underlying market purchase transactions made by me/us from time to time;
d. Movement by me/us from time to time of my/our Book-entry Securities from my/our Sub-Account under the Main Account under the control of the Participant to my/our Sub-Account under another Main Account under the control of the Participant or to my/our Sub-Account under any Main Account which is under the control of another Participant or to my/our Investor Account;
e. Securities transactions which have been made by way of a gift of Securities by me/us to my/our Family Members or other persons in accordance with the CDC Regulations from time to time;
f. For the recovery of any charges or losses against any or all of the above transactions carried out by me/ us or services availed; and/or
g. Delivery Transaction made by me/us for any other purposes as prescribed by the Commission from time to time.

Specific authority on each occasion shall be given by me/us to the Participant for handling of Book-entry Securities beneficially owned by me/us for all other purposes as permitted under the applicable laws and regulations.

Note: Please note that above shall serve as a standing authorization to the Participant for handling of Book-entry Securities owned by the undersigned Sub-Account Holder(s) and entered in his/her/their Sub-Account maintained with the Participant. Handling of Book-entry Securities for all other purposes should however require specific authority in writing from the undersigned Sub-Account Holder(s) in favour of the Participant. For handling of Book-entry Securities worth Rs. 500,000/- and above, the above mentioned specific authority shall be obtained on non-judicial stamp paper.

F. OPERATING INSTRUCTIONS

1. Signatory(ies) to give instruction to the Participant/TREC Holder pertaining to the operations of the Sub-Account / Trading Account. (*Please specify Sub-Account and Trading Account operating instructions in the relevant column along*	**Names of Signatory(ies)**		**Specimen Signatures**
	(a)		
	(b)		
	(c)		

with names and specimen signatures of authorised signatories)	(d)			
2. Operating Instructions in Writing: [Please (✓) appropriate box] *(If client intends to specify different instruction for operation of Trading Account and Sub-Account, please specify the Operating Instructions for Sub-Account in column 3 below)*	☐	Singly (Either or Survivor)	☐	Attorney
	☐	Jointly [any] _____ *(Please mention the relevant numbers of the signatories)*		
3. Sub-Account Operating Instructions: [Please (✓) appropriate box] *(Applicable only in case client intends to specify different operating instruction for Trading and Sub-Account)*	☐	Singly	☐	Attorney
	☐	Jointly [any] _____ *(Please mention the relevant numbers of the signatories)*		

G. SIGNATURES

Name of Applicant:	Date: Place:	Signature:
Name of Joint Applicant No 1:	Date: Place:	Signature:
Name of Joint Applicant No 2:	Date: Place:	Signature:
Name of Joint Applicant No 3:	Date: Place:	Signature:

I/we hereby agree to admit the Applicant(s) as the Sub-Account Holder(s) in terms of the enclosed Terms and Conditions as amended from time to time and shall abide by the same in respect of opening, maintenance and operation of such Sub-Account.

Name of Participant/TREC Holder:	**Date:**
Participant's/TREC Holder's Seal & Signature:	
Witnesses:	
1. Name:	
Signature: CNIC No:	
2. Name:	
Signature: CNIC No:	

Enclosures*:

1. Copy of valid CNIC/SNIC/NICOP/ARC/POC/Passport of the Applicants / Joint Applicants / nominee(s) and Attorney (as the case may be).
2. Copy of Power of Attorney (if applicable), duly attested by notary public (suggested format as annexure).
3. Copy of Zakat Declaration of the Applicant and the Joint Applicant (if applicable). In case of Non-Muslim, an affidavit shall be submitted.
4. Terms and Conditions of relevant service provider, as applicable.
5. Juvenile Card / Form-B/ Child Registration Certificate (CRC) of the minor (if applicable).

***Note**: Non-resident/ foreigners shall submit the documents duly attested by either notary public or Consul General of Pakistan having jurisdiction over the Applicant(s). However, in case of non-resident/ foreigner belonging to the country or state which has acceded to the Convention of 5 October 1961 Abolishing the Requirement of Legalization for Foreign Public Documents (Apostille Convention), the non-resident/ foreigner may opt to submit the requisite documents with the Apostille issued by the Competent Authority under the Apostille Convention.

H. FOR THE USE OF SECURITIES BROKER ONLY WHERE SETTLEMENT AND CUSTODY SERVICES ARE PROVIDED BY PCM/ T&C

Particulars of Customer Relationship Form verified by :							
Application:	☐	Approved	☐	Rejected	Signature: (Authorized signatory)/Stamp	Date:	
Trading Account no. issued:							
Trading Account opened by:							
Saved by:					Posted by:		
Signature:		Date:			Signature:	Date:	
Remarks: *(if any)*							

I. FOR THE USE OF PARTICIPANT ONLY WHERE SUB-ACCOUNT IS OPENED WITH PCM/T&C

Particulars of Customer Relationship Form verified by :							
Application:	☐	Approved	☐	Rejected	Signature: (Authorized signatory)/Stamp	Date:	
Sub-Account no. issued:							
Sub-Account opened by:							
Saved by:					Posted by:		
Signature:		Date:			Signature:	Date:	
Remarks: *(if any)*							

ACKNOWLEDGEMENT RECEIPT

Application No:	Date of receipt:
I/We hereby confirm and acknowledge the receipt of duly filled and signed Customer Relationship Form from the following Applicant:	
[Insert Name of Applicant(s)]	**Participant's (who is PCM/ T&C for all categories of Securities Brokers) Seal & Signature:**
1.	
2.	
3.	
4.	

TERMS AND CONDITIONS

Please read and understand the Terms and Conditions, attached herewith as **Annexure A**, before signing and executing this form.

DECLARATION & UNDERTAKING

I/We, the undersigned Applicant(s), hereby declare/undertake that:

a) I/We am/are not minor(s);
b) I/We am/are of sound mind;
c) I/We have not applied to be adjudicated as an insolvent and that I/We have not suspended payment to any financial institution and that I/We have not compounded with my/our creditors;
d) I/We am/are not an undischarged insolvent;
e) I/We confirm and acknowledge that I/We have received the Terms and Conditions, duly stamped, dated, and signed by the Compliance Officer of Securities Broker (for the purpose of Trading Account) and Participant (for the purpose of Sub-Account), as an annexure to this Form at the time of signing of this Form and have carefully read, understood and accepted the attached Terms and Conditions which are deemed to be a part of this Form and I/We hereby unconditionally and irrevocably agree and undertake to be bound by and to comply with the attached Terms and Conditions and any other Terms and Conditions provided to me/us and placed on the website of the Securities Broker for the purpose of Trading Account and Participant for the purpose of Sub-Account, which may be notified from time to time with the approval of the concerned authorities modifying or substituting all or any of the attached Terms and Conditions in connection with the opening, maintenance and operation of the Sub-Account / Trading Account, as the case may be;
f) I/ We hereby confirm that the Terms and Conditions shall constitute a Contract between the Parties hereto and govern opening, maintenance and operations of Trading Account, Sub-Account which shall be binding on the Sub-Account Holder as well as the Securities Broker (for the purpose of Trading Account) & Participant (for the purpose of Sub-Account) and sharing of UIN and KYC information to/from NCCPL and ancillary matters connected therewith;
g) I/ We further agree that agreement executed between the Securities Broker and PCM/T&C (as the case may be) for providing the settlement and custody services will be the integral part of this contract and will be binding on me/us.
h) The information furnished in this form is complete, valid, true and correct to the best of my/our knowledge and I/We shall inform the Securities Broker (for the purpose of Trading Account) and Participant (for the purpose of Sub-Account) immediately in writing of any change therein;
i) In case any of the above information is found to be false or misleading or suspension of any material fact, will render my/our Sub-Account/Trading Account or both accounts, as the case may be, liable for termination and I/We shall be subject to further action under the law;
ia) I/We, being the Applicant(s), hereby authorize that all the information furnished by me/us in the form shall be shared with Centralized Gateway Portal pursuant to requirements prescribed by the Securities & Exchange Commission of Pakistan;
j) All the documents filed/submitted by me/us for the purpose of this application are genuine and valid, bearing genuine signatures and stamps of duly authorized individuals/representatives and are in accordance with the applicable law;
k) I/ We agree that I/we shall not place any trading order in case of any concern or disagreement with any Terms and Conditions shared by Securities Broker (for the purpose of Trading Account) and Participant (for the purpose of Sub-Account) and placement of trading order shall mean that I/we have affirmed/consented with the Terms and Conditions; and
l) I/We hereby now apply for opening, maintaining and operating Sub-Account and Trading Account, as the case may be, with the Securities Broker (for the purpose of Trading Account) and Participant (for the purpose of Sub-Account).

We, the undersigned as Securities Broker and Participant, hereby declare/undertake/confirm that:

m) We have provided in full the Terms and Conditions attached as an Annexure to this Form to the Customer/Sub-Account Holder at the time of filing of this Form and we hereby further confirm that provided Terms and Conditions are available on our website and update the same immediately upon occurrence of any change in Terms and Conditions. We further confirm that Trading Account and Sub-Account of customer and Sub-Account Holder shall be activated/opened only upon affirmation of the Terms and Conditions by the customer and Sub-Account Holder; and
n) We have no doubt or concern that the Terms and Conditions shared with Customer and Sub-Account Holder by us are not updated and has any difference when compared with the specified Terms and Conditions and the attached Terms and Conditions also form part of this Form.

DISCLAIMER FOR CDC ACCESS SERVICES

The main objective of providing information, reports and account maintenance services through the Interactive Voice Response System, Internet /Web access and Short Messaging Service ("SMS") or any other value added service is to facilitate the /Sub-Account Holders ("Users") with a more modern way to access their information. CDC makes no other warranty of the IVR, Internet /Web access, SMS or any other value added services and Users hereby unconditionally agree that they shall make use of the internet/web access subject to all hazards and circumstances as exist with the use of the internet. CDC shall not be liable to any Users for providing and making available such services and for failure or delay in the provision of SMS to Users and all Users, who use the IVR, internet access, SMS or any other value added services, shall be deemed to have indemnified CDC, its directors, officers and employees for the time being in office and held them harmless from and against any losses, damages, costs and expenses incurred or suffered by them as a consequence of use of the IVR system, internet/web access, SMS or any other value added services.

All Users hereby warrant and agree that their access of the internet /web by the use of a User-ID and login is an advanced electronic signature and upon issuance of such User-ID to the user, they hereby waive any right to raise any objection to the compliance of the User-ID and login with the criteria of an advance electronic signature.

All Users shall by signing this Form and by their conduct of accessing the IVR, internet/Web access, SMS or any other value added services agree to all the terms and conditions and terms of use as shall appear on the CDC website at www.cdcaccess.com.pk which shall be deemed to have been read and agreed to by the Users before signing this form.

Signatures:

Main Applicant	Joint Applicant 1	Joint Applicant 2	Joint Applicant 3	Securities Broker (for Trading Account) Participant (for Sub-Account)
_____	_____	_____	_____	_____

Annexure-A

TERMS AND CONDITIONS
Please read and understand the Terms and Conditions before signing and executing this form.

These Terms and Conditions shall constitute a Contract between the Parties hereto. This Contract shall govern opening, maintenance and operations of Trading Account, CDC Sub-Account(s) and sharing of UIN and KYC information to/from NCCPL and ancillary matters connected therewith.

GENERAL TERMS AND CONDITIONS

1. All Trades, Transactions, including non-Exchange Transactions, Derivative Contracts and deals (jointly referred to as "Transactions") between the Parties and Clearing and Settlement thereof and opening, maintenance and operations of Sub-Account in the CDS shall be subject to the Securities Act, 2015, Central Depositories Act, 1997, Pakistan Stock Exchange Limited (PSX) Regulations, Central Depository Company of Pakistan Limited (CDC) Regulations, CKO Regulations, 2017, National Clearing Company of Pakistan Limited (NCCPL) Regulations, the Securities Brokers (Licensing and Operations) Regulations, 2016 and Professional Clearing Members Regulations, 2020 including Procedures, Manuals, Polices, Guidelines, Circulars, Directives, and Notifications issued and as amended thereunder by the Securities and Exchange Commission of Pakistan (SECP), PSX, CDC or NCCPL from time to time.
2. The information provided in KYC application form and/or CRF shall be in addition to and not in derogation of the requirements prescribed under Anti-Money Laundering and Countering Financing of Terrorism Regulations, 2020.
3. The Securities Broker and Participant shall ensure provision of copies of all the relevant laws, rules and regulations at its office for access to the Sub-Account Holder(s) and Customer(s) during working hours. The Securities Broker and Participant shall ensure that its website contains hyperlinks to the websites/pages on the website of PSX, CDC, NCCPL and the SECP displaying above said regulatory framework for reference of the Customers/ Sub-Account Holder.
4. In case of a Joint Account, all obligations and liabilities of the Applicants under these Terms and Conditions shall be joint and several.
5. These Terms and Conditions shall be binding on the nominee, legal representative, successors in interest and/or permitted assigns of the respective Parties hereto.
6. The Securities Broker and Participant shall provide a list of its Registered Offices and Representatives authorized and employees designated to deal with the Sub-Account Holder(s)/Customer(s) along with their authorized mobile/landline/fax number(s), email and registered addresses. Any change(s) therein shall be intimated in writing to the Sub-Account Holder(s)/Customer(s) with immediate effect.
7. Subject to applicable laws, the Securities Broker and Participant shall maintain strict confidentiality of the Customer related information and shall not disclose the same to any third party. However, in case the SECP, PSX, CDC or any competent authority under the law, as the case may be, requires any such information, the Securities Broker and Participant shall be obliged to disclose the same for which the Customer shall not raise any objection whatsoever.
8. The Securities Broker and Participant shall independently verify any of the Customer's related information provided in this Form and under the relevant laws, rules and regulations for the purpose of KYC.
9. In case of any change in the Customer's related information provided in this Form, the Customer shall provide necessary details to the Participant and Securities Broker. Upon receipt of instruction from the Customer, the Participant and Securities Broker shall give effect to such changes in the manner prescribed under the relevant regulations. The Participant and Securities Broker shall have the right to incorporate any change(s) in the Sub-Account Holder(s)/Customer's information in the CDS as sent by NCCPL as CKO and that such change(s) shall be deemed to have been authorized by the Sub-Account Holder(s)/Customer(s). In case of any change in the Participant's and Securities Broker's address or contact numbers or any other related information, the Securities Broker and Participant shall immediately notify the Sub-Account Holder(s)/Customer(s).
10. Any change in this Form or these Terms and Conditions by virtue of any changes in the aforesaid legal frameworks shall be deemed to have been incorporated and modified the rights and duties of the Parties hereto. Such change(s) shall be immediately communicated by the Securities Broker and Participant to the Sub-Account Holder(s) and Customer(s).
11. The Securities Broker and Participant and the Customer shall be entitled to terminate this Contract without giving any reasons to each other after giving notice in writing of not less than one month to the other Party. Notwithstanding any such termination, all rights, liabilities and obligations of the Parties arising out of or in respect of Transactions entered into prior to the termination of this Contract shall continue to subsist and vest in /be binding on the respective Parties or his /her/ its respective heirs, executors, administrators, legal representatives or successors in interest and permissible assigns, as the case may be. Closure of Sub-Account of the Customer under this clause shall be subject to the condition that neither any corporate action is pending at that point of time in connection with any Book-entry Securities in the Sub-Account nor any Book-Entry Securities are in Pledged Position and that the outstanding dues, if any, payable by any Party to the other Party is cleared and that the Customer has transferred or withdrawn all the Book-Entry Securities from his/her Sub-Account.
12. Where applicable, the terms "Sub-Account Holder" and "Participant" used in this Form shall include the "Customer" and "Securities Broker/TRE Certificate Holder" respectively.
13. The Securities Broker and Participant should ensure due protection to the Sub-Account Holder / Customer regarding rights to dividend, rights or bonus shares etc. in respect of transactions routed through it and not do anything which is likely to harm the interest of the Sub-Account Holder with/from whom it may have had transactions in securities.
14. The Participant and Securities Broker shall ensure that duly filled in and signed copy of this form along with the acknowledgement receipt is provided to the Sub-Account Holder.

TERMS AND CONDITIONS FOR OPENING AND OPERATIONS OF CDC SUB-ACCOUNT

The Terms and Conditions set herein below shall govern the Sub-Account forming part of the Account Family of the CDS Participant Account of the Participant, which shall be binding on the Sub-Account Holder as well as the Participant:

1. The Registration Details and such other information specified by the Applicant in this form for opening of the Sub-Account shall appear in the Sub-Account to be established by the Participant in the CDS who shall ensure the correctness and completeness of the same.
2. The Book-entry Securities owned by the Sub-Account Holder shall be exclusively entered in the Sub-Account of such Sub-Account Holder.
3. Transfer, Pledge and Withdrawal of Book-entry Securities entered in the Sub-Account of the Sub-Account Holder shall only be made from time to time in accordance with the authorization given by the Sub-Account Holder to the Participant in Part (E) above pursuant to Section 12 and 24 of the Central Depositories Act, 1997. Such authorization shall constitute the congregated / entire authorizations by the Sub-Account Holder(s) in favour of the Participant and supersedes and cancels all prior authorizations (oral, written or electronic) including any different, conflicting or additional terms which appear on any agreement or form the Sub-Account Holder(s) has executed in favour of the Participant.
4. Participant shall be liable to give due and timely effect to the instructions of the Sub-Account Holder given in terms of the above-referred authorization with respect to transfer, pledge and withdrawal of Book-entry Securities entered in his/her Sub-Account under the control of the Participant. Such instructions, among other matters, may include closing of Sub-Account.
5. Participant shall send within 10 days of end of each quarter Account Balance statement to the Sub-Account Holder without any fee or charge showing the number of every Book-entry Security entered in his/her Sub-Account as of the end of the preceding quarter. Such Account Balance statement shall be generated from the CDS. Further, the Sub-Account Holder may request for such statement (including Account Activity reports) from the Participant at any time on payment of a fee on cost basis as prescribed by the Participant. The Participant shall be liable to provide such report/statement to the Sub-Account Holder within 3 Business Days from the date of receipt of such request, with or without charges.
6. In consideration for the facilities and services provided to the Sub-Account Holder by the Participant, the Sub-Account Holder shall pay fees and charges to the Participant as applicable for availing such facilities and services under the Central Depositories Act, 1997, the Regulations and these Terms & Conditions. In case of outstanding payment against any underlying market purchase transaction, charges and/or losses against the Sub-Account Holder, the Participant shall have the right, subject to Clause 3 above and under prior intimation to the Sub-Account Holder to clear the payment, charges and/or losses (including any shortfall in margin requirements) within the reasonable time prescribed by the Participant, to dispose-off the necessary number of Book-entry Securities of the Sub-Account Holder through market-based or Negotiated Deal Market sell transaction or in accordance with the Procedures and apply the net proceeds thereof towards the adjustment of such outstanding payment, charges and/or losses.

7. Where admission of Participant to the CDS is suspended or terminated by the CDC, the Sub-Account Holder shall have the right, subject to the Regulations and the Procedures made thereunder, to request CDC to change his/her Controlling Account Holder and Participant shall extend full cooperation to the Sub-Account Holder in every regard, without prejudice to its right of recovery of any dues or receivable from the Sub-Account Holder.
8. The provision of services as provided for hereunder shall not constitute Participant as trustee and the Participant shall have no trust or other obligation in respect of the Book-entry Securities except as agreed by the Participant separately in writing.
9. The Participant is not acting under this application form as Investment Manager or Investment Advisor to the Sub-Account Holder(s).

TERMS AND CONDITIONS FOR TRADING ACCOUNT

1. In case any dispute in connection with the Transaction between the Securities Broker and the Customer is not settled amicably, either Party may refer the same to the Arbitration in accordance with the arbitration procedures prescribed in PSX Regulations. The decision of arbitrators shall be binding on both the Parties subject to their rights of appeal in the manner provided in PSX Regulations, if exercised. The name and other relevant particulars of the Customer shall be placed on PSX's website accessible to Securities Brokers if the Customer fails or refuses to abide by or carryout any arbitration award passed against him/her and the Customer shall have no objection to the same.
2. The assets deposited as margin by a Customer with the Securities Broker or PCM, as the case may be, shall only be used by the Securities Broker or PCM for the purposes of dealing in securities through PSX on behalf of such Customer other than as authorized by the Customer in writing in the manner prescribed under the relevant regulations.
3. The Securities Broker may deposit unutilized funds of the Customers in a separate profit-bearing bank account and shall distribute profit to the Customers out of total profit offered by bank(s) on such funds, unless specified otherwise in writing by the Customer.
4. The Securities Broker shall be authorized to act on the instructions of the Customers given through any of the following modes of communication unless specifically designated by the Customer in the Form:
   (a) Telephonic communication over a dedicated telephone line(s) routed through centralized call recording system;
   (b) Email/SMS/Fax/Letter on the authorized email address/mobile/fax/address of the Securities Brokers;
   (c) Verbal orders placed through personal appearance in the registered office subject to receipt of written acknowledgement of such in-person orders by Securities Brokers.
5. The Securities Broker shall make out the Contract Note (physical or electronic form) to the Customers in respect of trades executed on their behalf based on their order instructions not later than the start of next Trading Day as required under the Securities Brokers (Licensing and Operations) Regulations, 2016 through any of the following acceptable modes of communication unless specifically designated by the Customer in the Form:
   (a) Recognized courier service;
   (b) Registered Post at given correspondence address;
   (c) Facsimile number provided on the Form;
   (d) By hand subject to receipt/acknowledgement; or
   (e) Email provided on the Form in case of Electronic Contract Note.

   All such transactions recorded by the Securities Broker in the prescribed manner shall be conclusive and binding upon the Customer unless the Customer raises observation relating to unauthorized execution of such transaction or any error in the Contract Note within one Trading Day of the receipt of such Contract Note.

   In the event of any dispute relating to order placement or executing of orders, the burden of proof shall be on the Securities Brokers to establish the authenticity of such order placement or execution thereof.
6. In case the Customer fails to deposit additional margins within one Trading Day of the margin call (in writing), the Securities Broker or PCM, as the case may be, shall have absolute discretion to liquidate the Customer's outstanding positions including the securities purchased and carried in such account to meet the margin shortfall without further notice to the Customer.
7. The Securities Broker or PCM, as the case may be, shall be responsible for the payment of any credit cash balance available in the account of the Customer through cross cheques or other banking channels (instruments) only within one (1) Trading Day of the request of the Customer subject to the maintenance of the margin requirements.
8. The Customer is aware that in the event of his/her non- payment on settlement day against securities bought on his/her account, the Securities Broker or PCM, as the case may be, may transfer such securities to its Collateral Account under intimation to PSX in the manner as provided in PSX Regulations.
9. The Securities Broker or PCM, as the case may be, shall accept from the Customer payments only in the name of PCM or Trading and Clearing Securities Broker, as the case may be, through "A/c Payee Only" crossed cheque, bank drafts, pay orders or other banking channels drawn on Customer's own bank account. Electronic transfer of funds to the Trading and Clearing Securities Broker or PCM, as the case may be, through banks would be regarded as good as cheque. The Securities Broker or PCM, as the case may be, shall provide the receipt to the Customer(s) in the name of the Customers duly signed by its authorized employee and the Customer(s) shall be responsible to obtain the receipt thereof. In case of cash dealings, proper receipt will be taken and given to the Customer(s), specifically mentioning if payment is for margin or the purchase of securities. The Trading and Clearing Securities Broker or PCM, as the case may be, shall immediately deposit in its bank account all cash received in whole i.e. no payments shall be made from the cash received from clients. However, in exceptional circumstances, where it becomes necessary for Trading and Clearing Securities Broker or PCM, as the case may be, to accept cash in excess of Rs.25, 000/-, the Securities Broker or PCM, as the case may be, shall immediately report within one Trading Day such instances with rationale thereof to the PSX in accordance with the mechanism prescribed by PSX.
10. The Securities Brokers or PCM, as the case may be, shall make all payments to the Customers through crossed cheques / bank drafts / pay orders or any other banking channels showing payment of amount from their business bank account. Copies of these payment instruments including cheques, pay orders, demand drafts and online instructions shall be kept in record for a minimum period prescribed under the Securities Brokers (Licensing and Operations) Regulations, 2016 or under any other applicable law.
11. The Securities Broker shall provide to the Customers a quarterly Account Statement which shall include cash and securities ledgers as back office and CDC Sub-Account records along with reconciliation of any differences therein through any of the aforesaid modes of communication. In case of any discrepancy in the ledger statement, the Customer shall inform the Securities Broker within seven (7) days of receipt of the quarterly account statement to remove such discrepancy. Further, the Securities Broker shall provide to a Customer an Account Statement for a period specified by the Customer as and when requested by such Customer.
12. The Customer shall pay all applicable taxes and statutory and regulatory fee and levies and brokerage commissions as are prevailing from time to time in connection with the brokerage services rendered. The Securities Broker/Participant can debit up to the accrued amount of levies and charges the account of the Customers for the abovementioned charges, which shall be clearly detailed in the ledger statement/daily confirmations. Any change resulting in an increase in the brokerage commission shall take effect not earlier than thirty (30) days of intimation of the same to the Customers through acceptable mode of communication prescribed in the Form.
13. The Securities Broker shall append a Risk Disclosure Document with this Form in accordance with the specimen provided by PSX.

Place Logo Here!	Place Logo Here!	For official use of the Participant (who is PCM/ T&C for all categories of Securities Brokers)	
		Application Form No.	
		TRE Certificate No.	
Name of Securities Broker	Name of PCM or T&C	Securities Broker Registration No.	
		CDS Participant ID	
		Sub-Account No.	
[Registered Address]	[Registered Address]	Trading Account No. (Back-office ID) (if applicable)	

CUSTOMER RELATIONSHIP FORM
FOR COMPANY AND OTHER BODY CORPORATE

(*Please use BLOCK LETTERS to fill the form*)

I/We hereby apply for opening of my/our Trading Account with the Securities Broker and Sub-Account with the Participant who is PCM/ T&C (providing settlement and custody services to all categories of Securities Brokers):

A. REGISTRATION (AND OTHER) DETAILS OF APPLICANT (The information should be same as provided in the KYC Application Form)

1. Full name of Applicant (As per constitutive documents) **UKN No.**

2. Registration Number / Unique Identification Number ("UIN"):

Email address of the Company/Body Corporate (Applicant) shall be provided in the KYC Application Form for *e*Alert/ *e*Statement from CDC as a mandatory requirement. This information will also be used where any other service is subscribed under the CDC access. Details of Contact Person as provided in the KYC Application Form shall be used for CDS.

B. OTHER ACCOUNT LEVEL INFORMATION

1. Bank Details: The bank account information as provided in the KYC Application Form shall be used.

2. Residential Status / Basis of Remittance *[Please tick (✓) the appropriate box]*	*Resident*	*Non-Resident*	*Repatriable*	*Non-Repatriable*
Pakistani	☐	☐	☐	☐
Foreign Company / Body Corporate	☐	☐	☐	☐

C. CDC ACCESS

CDC provides ***FREE OF COST*** services under CDC access whereby Sub-Account holders can have real time access to their account related information.

1. Do you wish to subscribe to free of cost IVR/Web Service? [*Please tick (☐) the appropriate box]*	☐	Yes	☐	No

2. If you are subscribing to IVR and Web Service, please provide following details of your Contact Person:

(a) Date of Birth	D	D	/	M	M	/	Y	Y	Y	Y	
(b) Mother's Maiden Name:											

D. AUTHORIZATION UNDER SECTIONS 12 AND 24 OF THE CDC ACT EXCLUSIVELY FOR SETTLEMENT OF UNDERLYING TRADES, PLEDGE AND RECOVERY OF PAYMENTS, CHARGES AND LOSSES (FOR SUB-ACCOUNT ONLY)

I/we the undersigned, hereby give our express authority to the Participant under Section 12 and Section 24 of the Central Depositories Act, 1997 to handle Book-entry Securities beneficially owned by me/us and entered in our Sub-Account maintained with the Participant for securities transactions that are exclusively meant for the following purposes:

a. For the settlement of any underlying market transactions (trades) including off market transactions made by me/us from time to time;
b. For pledge securities transactions with the Clearing House relating to any of our underlying market transactions (trades) to be settled through the Clearing House from time to time;
c. For the recovery of payment against any underlying market purchase transactions made by us from time to time;
d. Movement by us from time to time of our Book-entry Securities from our Sub-Account under the Main Account under the control of the Participant to our Sub-Account under another Main Account under the control of the Participant or to our Sub-Account under any Main Account which is under the control of another Participant or to our Investor Account;
e. For the recovery of any charges or losses against any or all of the above transactions carried out by us or services availed; and/or
f. Delivery Transaction made by us for any other purposes as prescribed by the Commission from time to time.

Specific authority on each occasion shall be given by us to the Participant for handling of Book-entry Securities beneficially owned by us for all other purposes as permitted under the applicable laws and regulations.

Note: Please note that above shall serve as a standing authorization to the Participant for handling of Book-entry Securities owned by the undersigned Sub-Account Holder(s) and entered in their Sub-Account maintained with the Participant. Handling of Book-entry Securities for all other purposes should however require specific authority in writing from the undersigned Sub-Account Holder(s) in favour of the Participant. For handling of Book-entry Securities worth Rs. 500,000/- and above, the above mentioned specific authority shall be obtained on non-judicial stamp paper.

E. OPERATING INSTRUCTIONS

1. Signatory(ies) to give instruction to the Participant/TREC Holder pertaining to the operations of the Sub-Account/ Trading Account. (*Please specify Sub- Account and Trading Account operating instructions in the relevant column along with names and specimen signatures of authorised signatories*)		**Names of Signatory(ies)**	**Specimen Signatures**
	(a)		
	(b)		
	(c)		
	(d)		

2. Operating Instructions in Writing: [Please (✓) appropriate box] [If client intends to specify different instruction for operation of Trading Account and Sub-Account, please specify the Operating Instructions for Sub-Account in column 3 below)]	☐	Singly	☐	Attorney
	☐	Jointly [any] _____ *(Please mention the relevant numbers of the signatories)*		
3. Trading Account Operating Instructions: [Please (✓) appropriate box] [Applicable only in case client intends to specify different operating instruction for Trading and Sub-Account]	☐	Singly	☐	Attorney
	☐	Jointly [any] _____ *(Please mention the relevant numbers of the signatories)*		

F. AUTHORIZED SIGNATORIES OF THE APPLICANT	**Date & Place:**

We hereby agree to admit the Applicant as the Sub-Account Holder in terms of the enclosed Terms and Conditions as amended from time to time and shall abide by the same in respect of opening, maintenance and operation of such Sub-Account.

Name of Participant/TREC Holder:	**Date:**
Participant's/TREC Holder's Seal & Signature:	
Witnesses:	
1. Name:	
Signature:	CNIC No: _____-_____-_____
2. Name:	
Signature:	CNIC No: _____-_____-_____

Enclosures*:

1. Certified copy of Board Resolution/Power of Attorney (specimen provided as per **Annexure-A** below).
2. Copies of valid Computerized National Identity Cards/NICOP/Passports of the Authorized Signatories.
3. Certified copies of Constitutive Documents of the Applicant (Memorandum & Articles of Association, Act/Charter/Statute/Bylaws/Rules & Regulations, Certificate of Incorporation, Certificate of commencement of business, Prospectus for Modaraba, relevant licences and registration issued by regulatory bodies etc.).
4. Certified copy of NTN Certificate (If exempted, please provide supporting documents/Letter of Undertaking, where the applicant opts not to obtain NTN).
5. Certified copy of list of Directors/Trustees (if applicable).
6. Terms and Conditions of relevant service provider, as applicable.

* **Note**: Non-resident/ foreigners shall submit the documents duly attested by either notary public or Consul General of Pakistan having jurisdiction over the Applicant(s). However, in case of non-resident/ foreigner belonging to the country or state which has acceded to the Convention of 5 October 1961 Abolishing the Requirement of Legalization for Foreign Public Documents (Apostille Convention), the non-resident/ foreigner may opt to submit the requisite documents with the Apostille issued by the Competent Authority under the Apostille Convention.

G. FOR THE USE OF SECURITIES BROKER ONLY WHERE SETTLEMENT AND CUSTODY SERVICES ARE PROVIDED BY PCM/ T&C

Particulars of Customer Relationship Form verified by :

Application:	☐	Approved	☐	Rejected	Signature: (Authorized signatory)/Stamp	Date:	

Trading Account no. issued:

Trading Account opened by:			
Saved by:		Posted by:	
Signature:	Date:	Signature:	Date:

Remarks: *(if any)*

H. FOR THE USE OF PARTICIPANT ONLY WHERE SUB-ACCOUNT IS OPENED WITH PCM/T&C

Particulars of Customer Relationship Form verified by :

Application:	☐	Approved	☐	Rejected	Signature: (Authorized signatory)/Stamp	Date:	

Sub-Account no. issued:

Sub-Account opened by:			
Saved by:		Posted by:	
Signature:	Date:	Signature:	Date:

Remarks: *(if any)*

ACKNOWLEDGEMENT RECEIPT	
Application No:	Date of receipt:
I/We hereby confirm and acknowledge the receipt of duly filled and signed Customer Relationship Form from the following Applicant:	
[Insert Name of Applicant(s)]	**Participant's (who is PCM/ T&C for all categories of Securities Brokers) Seal & Signature:**
1.	
2.	
3.	
4.	

TERMS AND CONDITIONS

Please read and understand the Terms and Conditions, attached herewith as **Annexure B**, before signing and executing this form.

DECLARATION & UNDERTAKING

We, the undersigned Applicants, hereby declare that:

a) We are not in receivership, court-appointed managership or under winding-up or under any analogous form of administration;
b) We are not applied to be adjudicated as an insolvent and that we have not suspended payment and that we have not compounded with our creditors;
c) We are not an undischarged insolvent;

d) None of our chief executive, directors or other officers have, at any time within 5 years before making this application, been convicted of an offence involving moral turpitude or a non-cognisable offence against any law in connection with our business, professional or commercial activities;
e) We confirm and acknowledge that we have received the Terms and Conditions, duly stamped, dated, and signed by the Compliance Officer of Securities Broker, (for the purpose of Trading Account) and Participant (for the purpose of Sub-Account), as an annexure to this Form at the time of signing of this Form and have carefully read, understood and accepted the attached Terms and Conditions which are deemed to be a part of this Form and we hereby unconditionally and irrevocably agree and undertake to be bound by and to comply with the attached Terms and Conditions and any other Terms and Conditions provided to us and placed on the website of the Securities Broker for the purpose of Trading Account and Participant for the purpose of Sub-Account, which may be notified from time to time with the approval of the concerned authorities modifying or substituting all or any of the attached Terms and Conditions in connection with the opening, maintenance and operation of the Sub-Account /Trading Account, as the case may be;
f) We hereby confirm that the Terms and Conditions shall constitute a Contract between the Parties hereto and govern opening, maintenance and operations of Trading Account, Sub-Account which shall be binding on the Sub-Account Holder as well as the Securities Broker (for the purpose of Trading Account) & Participant (for the purpose of Sub-Account) and sharing of UIN and KYC information to/from NCCPL and ancillary matters connected therewith;
g) We further agree that agreement executed between the Securities Broker and PCM/T&C (as the case may be) for providing the settlement and custody services will be the integral part of this contract and will be binding on us.
h) We, being the Applicant, hereby further confirm that all the information contained in this form is true and correct to the best of our knowledge as on the date of making this application;
i) We further agree that any false/misleading information by us or suspension of any material fact will render our Sub-Account/ Trading Account or both accounts, as the case may be, liable for termination and further action under the law;
j) We specifically declare and undertake that all the documents filed/submitted by us for the purpose of this application are genuine and valid, bearing genuine signatures and stamps of duly authorized individuals/representatives (or, where applicable, officers of the foreign company concerned) and are in accordance with the applicable law;
k) We agree that we shall not place any trading order in case of any concern or disagreement with any Terms and Conditions shared by Securities Broker (for the purpose of Trading Account) and Participant (for the purpose of Sub-Account) and placement of trading order shall mean that we have affirmed/consented with the Terms and Conditions; and
l) We hereby now apply for opening, maintaining and operating Sub-Account and Trading Account, as the case may be, with the Securities Broker (for the purpose of Trading Account) and Participant (for the purpose of Sub-Account).

We, the undersigned as Securities Broker/Participant, hereby declare/ undertake/confirm that:

m) We have provided in full the Terms and Conditions attached as an Annexure to this Form to the Customer/Sub-Account Holder at the time of filing of this Form and we hereby further confirm that provided Terms and Conditions are available on our website and update the same immediately upon occurrence of any change in Terms and Conditions. We further confirm that Trading Account and Sub-Account of customer and Sub-Account Holder shall be activated/opened only upon affirmation of the Terms and Conditions by the customer and Sub-Account Holder; and
n) We have no doubt or concern that the Terms and Conditions shared with Customer/Sub-Account Holder by us are not updated and has any difference when compared with the specified Terms and Conditions and the attached Terms and Conditions also form part of this Form.

DISCLAIMER FOR CDC ACCESS SERVICES

The main objective of providing information, reports and account maintenance services through the Interactive Voice Response System, Internet /Web access and Short Messaging Service (“SMS”) or any other value added service is to facilitate the Sub-Account Holders (“Users”) with a more modern way to access their information. CDC makes no other warranty of the IVR, Internet /Web access, SMS or any other value added services and Users hereby unconditionally agree that they shall make use of the internet/web access subject to all hazards and circumstances as exist with the use of the internet. CDC shall not be liable to any Users for providing and making available such services and for failure or delay in the provision of SMS to Users and all Users, who use the IVR, internet access, SMS or any other value added services, shall be deemed to have indemnified CDC, its directors, officers and employees for the time being in office and held them harmless from and against any losses, damages, costs and expenses incurred or suffered by them as a consequence of use of the IVR system, internet/web access, SMS or any other value added services.

All Users hereby warrant and agree that their access of the internet /web by the use of a User-ID and login is an advanced electronic signature and upon issuance of such User-ID to the user, they hereby waive any right to raise any objection to the compliance of the User-ID and login with the criteria of an advance electronic signature.

All Users shall by signing this Form and by their conduct of accessing the IVR, internet/Web access, SMS or any other value added services agree to all the terms and conditions and terms of use as shall appear on the CDC website at www.cdcaccess.com.pk which shall be deemed to have been read and agreed to by the Users before signing this form.

Signatures:

Authorized signatories of the Applicant

_____

Securities Broker (for Trading Account)/ Participant (for Sub-Account)

_____

Annexure-A
BOARD RESOLUTION

"RESOLVED that an application be made on behalf of _____ (name of entity) to _____ ("broker") for opening an Account and for the afore-said purpose the Customer Relationship Form including Terms and Conditions as set out herein be executed on behalf of _____ (name of entity).

FURTHER RESOLVED that Mr. /Ms. _____ and Mr. /Ms. _____ be and are hereby authorized and empowered, either singly/jointly for and on behalf of _____ (name of entity) to sign and execute and deliver this Customer Relationship Form and Terms and Conditions and other documents in connection therewith, and to do any other act, deed or thing for and on behalf of _____ (name of entity) in respect of company's application for opening an Account.

FURTHER RESOLVED that Mr./Ms. _____ and Mr./Ms. _____ be and are hereby authorized and empowered, either singly/jointly to represent to the Securities Broker and Participant on all matters pertaining to the maintenance and operation of the Account, to deal, liaise and correspond with broker and give instructions to fulfill all the responsibilities and obligations to Securities Broker under the Law, Rules and Regulations and the Terms and Conditions in relation to the Account from time to time, and to deal with other incidental and ancillary acts, things and deeds".

Signatures of the Directors

1. _____ 2. _____ 3. _____ 4. _____
5. _____

Date of Resolution: _____

Annexure-B

TERMS AND CONDITIONS
Please read and understand the Terms and Conditions before signing and executing this form.

These Terms and Conditions shall constitute a Contract between the Parties hereto. This Contract shall govern opening, maintenance and operations of Trading Account, CDC Sub-Account(s) and sharing of UIN and KYC information to/from NCCPL and ancillary matters connected therewith.

GENERAL TERMS AND CONDITIONS

1. All Trades, Transactions, including non-Exchange Transactions, Derivative Contracts and deals (jointly referred to as "Transactions") between the Parties and Clearing and Settlement thereof and opening, maintenance and operations of Sub-Account in the CDS shall be subject to the Securities Act, 2015, Central Depositories Act, 1997, Pakistan Stock Exchange Limited (PSX) Regulations, Central Depository Company of Pakistan Limited (CDC) Regulations, CKO Regulations, 2017, National Clearing Company of Pakistan Limited (NCCPL) Regulations, Securities Brokers (Licensing and Operations) Regulation, 2016 and Professional Clearing Members Regulations, 2020 including Procedures, Manuals, Polices, Guidelines, Circulars, Directives, and Notifications issued and as amended thereunder by the Securities and Exchange Commission of Pakistan (SECP), PSX, CDC or NCCPL from time to time.
2. The information provided in KYC application form and/or CRF shall be in addition to and not in derogation of the requirements prescribed under Anti-Money Laundering and Countering Financing of Terrorism Regulations, 2020.
3. The Securities Broker and Participant shall ensure provision of copies of all the relevant laws, rules and regulations at its office for access to the Sub-Account Holder(s)/Customer(s) during working hours. The Securities Broker and Participant shall ensure that its website contains hyperlinks to the websites/pages on the website of PSX, CDC, NCCPL and the SECP displaying above said regulatory framework for reference of the Customers.
4. In case of a Joint Account, all obligations and liabilities of the Applicants under these Terms and Conditions shall be joint and several.
5. These Terms and Conditions shall be binding on the nominee, legal representative, successors in interest and/or permitted assigns of the respective Parties hereto.
6. The Securities Broker and Participant shall provide a list of its Registered Offices and Representatives authorized and employees designated to deal with the Sub-Account Holder(s)/Customer(s) along with their authorized mobile/landline/fax number(s), email and registered addresses. Any change(s) therein shall be intimated in writing to the Sub-Account Holder(s)/Customer(s) with immediate effect.
7. Subject to applicable laws, the Securities Broker and Participant shall maintain strict confidentiality of the Customer related information and shall not disclose the same to any third party. However, in case the SECP, PSX, CDC or any competent authority under the law, as the case may be, requires any such information, the Securities Broker and Participant shall be obliged to disclose the same for which the Customer shall not raise any objection whatsoever.
8. The Securities Broker and Participant shall independently verify any of the Customer's related information provided in this Form and under the relevant laws, rules and regulations for the purpose of KYC.
9. In case of any change in the Customer's related information provided in this Form, the Customer shall provide necessary details to the Participant and Securities Broker. Upon receipt of instruction from the Customer, the Participant and Securities Broker shall give effect to such changes in the manner prescribed under the relevant regulations. The Participant and Securities Broker shall have the right to incorporate any change(s) in the Sub-Account Holder(s)/Customer's information in the CDS as sent by NCCPL as CKO and that such change(s) shall be deemed to have been authorized by the Sub-Account Holder(s)/Customer(s). In case of any change in the Participant's and Securities Broker's address or contact numbers or any other related information, the Securities Broker and Participant shall immediately notify the Sub-Account Holder(s)/Customer(s).
10. Any change in this Form or these Terms and Conditions by virtue of any changes in the aforesaid legal frameworks shall be deemed to have been incorporated and modified the rights and duties of the Parties hereto. Such change(s) shall be immediately communicated by the Securities Broker and Participant to the Sub-Account Holder(s)/Customer(s).
11. The Securities Broker and Participant and the Customer shall be entitled to terminate this Contract without giving any reasons to each other after giving notice in writing of not less than one month to the other Party. Notwithstanding any such termination, all rights, liabilities and obligations of the Parties arising out of or in respect of Transactions entered into prior to the termination of this Contract shall continue to subsist and vest in /be binding on the respective Parties or his/ her/its respective heirs, executors, administrators, legal representatives or successors in interest and permissible assigns, as the case may be. Closure of Sub-Account of the Customer under this clause shall be subject to the condition that neither any corporate action is pending at that point of time in connection with any Book-entry Securities in the Sub-Account nor any Book-Entry Securities are in Pledged Position and that the outstanding dues, if any, payable by any Party to the other Party is cleared and that the Customer has transferred or withdrawn all the Book-Entry Securities from its Sub-Account.
12. Where applicable, the terms "Sub-Account Holder" and "Participant" used in this Form shall include the "Customer" and "Securities Broker/TRE Certificate Holder" respectively.
13. The Securities Broker and Participant should ensure due protection to the Sub-Account Holder / Customer regarding rights to dividend, rights or bonus shares etc. in respect of transactions routed through it and not do anything which is likely to harm the interest of the Sub-Account Holder with/from whom it may have had transactions in securities.
14. The Participant and Securities Broker shall ensure that duly filled in and signed copy of this form along with the acknowledgement receipt is provided to the Sub-Account Holder.

TERMS AND CONDITIONS FOR OPENING AND OPERATIONS OF CDC SUB-ACCOUNT

The Terms and Conditions set herein below shall govern the Sub-Account forming part of the Account Family of the CDS Participant Account of the Participant, which shall be binding on the Sub-Account Holder as well as the Participant:

1. The Registration Details and such other information specified by the Applicant in this form for opening of the Sub-Account shall appear in the Sub-Account to be established by the Participant in the CDS who shall ensure the correctness and completeness of the same.
2. The Book-entry Securities owned by the Sub-Account Holder shall be exclusively entered in the Sub-Account of such Sub-Account Holder.
3. Transfer, Pledge and Withdrawal of Book-entry Securities entered in the Sub-Account of the Sub-Account Holder shall only be made from time to time in accordance with the authorization given by the Sub-Account Holder to the Participant in Part (D) above pursuant to Section 12 and 24 of the Central Depositories Act, 1997. Such authorization shall constitute the congregated / entire authorizations by the Sub-Account Holder(s) in favour of the Participant and supersedes and cancels all prior authorizations (oral, written or electronic) including any different, conflicting or additional terms which appear on any agreement or form the Sub-Account Holder(s) has executed in favour of the Participant.
4. Participant shall be liable to give due and timely effect to the instructions of the Sub-Account Holder given in terms of the above-referred authorization with respect to transfer, pledge and withdrawal of Book-entry Securities entered in its Sub-Account under the control of the Participant. Such instructions, among other matters, may include closing of Sub-Account.
5. Participant shall send within 10 days of end of each quarter Account Balance statement to the Sub-Account Holder without any fee or charge showing the number of every Book-entry Security entered in its Sub-Account as of the end of the preceding quarter. Such Account Balance statement shall be

generated from the CDS. Further, the Sub-Account Holder may request for such statement (including Account Activity reports) from the Participant at any time on payment of a fee on cost basis as prescribed by the Participant. The Participant shall be liable to provide such report/statement to the Sub-Account Holder within 3 Business Days from the date of receipt of such request, with or without charges.

6. In consideration for the facilities and services provided to the Sub-Account Holder by the Participant, the Sub-Account Holder shall pay fees and charges to the Participant as applicable for availing such facilities and services under the Central Depositories Act, 1997, the Regulations and these Terms and Conditions. In case of outstanding payment against any underlying market purchase transaction, charges and/or losses against the Sub-Account Holder, the Participant shall have the right, subject to Clause 3 above and under prior intimation to the Sub-Account Holder to clear the payment, charges and/or losses (including any shortfall in margin requirements) within the reasonable time prescribed by the Participant, to dispose-off the necessary number of Book-entry Securities of the Sub-Account Holder through market-based or Negotiated Deal Market sell transaction or in accordance with the Procedures and apply the net proceeds thereof towards the adjustment of such outstanding payment, charges and/or losses.
7. Where admission of Participant to the CDS is suspended or terminated by the CDC, the Sub-Account Holder shall have the right, subject to the Regulations and the Procedures made thereunder, to request CDC to change its Controlling Account Holder and Participant shall extend full cooperation to the Sub-Account Holder in every regard, without prejudice to its right of recovery of any dues or receivable from the Sub-Account Holder.
8. The provision of services as provided for hereunder shall not constitute Participant as trustee and the Participant shall have no trust or other obligation in respect of the Book-entry Securities except as agreed by the Participant separately in writing.
9. The Participant is not acting under this application form as Investment Manager or Investment Advisor to the Sub-Account Holder(s).

TERMS AND CONDITIONS FOR TRADING ACCOUNT

1. In case any dispute in connection with the Transaction between the Securities Broker and the Customer is not settled amicably, either Party may refer the same to the Arbitration in accordance with the arbitration procedures prescribed in PSX Regulations. The decision of arbitrators shall be binding on both the Parties subject to their rights of appeal in the manner provided in PSX Regulations, if exercised. The name and other relevant particulars of the Customer shall be placed on PSX's website accessible to Securities Brokers if the Customer fails or refuses to abide by or carryout any arbitration award passed against him and the Customer shall have no objection to the same.
2. The assets deposited as margin by a Customer with the Securities Broker or PCM, as the case may be, shall only be used by the Securities Broker or PCM for the purposes of dealing in securities through PSX on behalf of such Customer other than as authorized by the Customer in writing in the manner prescribed under the relevant regulations.
3. The Securities Broker may deposit unutilized funds of the Customers in a separate profit-bearing bank account under intimation to such Customers and shall distribute such profit to the Customers out of total profit accrued on such funds as mutually agreed in writing between the Broker and Customer.
4. The Securities Broker shall be authorized to act on the instructions of the Customers given through any of the following modes of communication unless specifically designated by the Customer in the Form:
   (a) Telephonic communication over a dedicated telephone line(s) routed through centralized call recording system;
   (b) Email/SMS/Fax/Letter on the authorized email address/mobile/fax/address of the Securities Brokers;
   (c) Verbal orders placed through personal appearance in the registered office subject to receipt of written acknowledgement of such in-person orders by Securities Brokers.
5. The Securities Broker shall make out the Contract Note (physical or electronic form) to the Customers in respect of trades executed on their behalf based on their order instructions not later than the start of next Trading Day as required under the Securities Brokers (Licensing and Operations) Regulations, 2016 through any of the following acceptable modes of communication unless specifically designated by the Customer in the Form:
   (a) Recognized courier service;
   (b) Registered Post at given correspondence address;
   (c) Facsimile number provided on the Form;
   (d) By hand subject to receipt/acknowledgement; or
   (e) Email provided on the Form in case of Electronic Contract Note.

   All such transactions recorded by the Securities Broker in the prescribed manner shall be conclusive and binding upon the Customer unless the Customer raises observation relating to unauthorized execution of such transaction or any error in the Contract Note within one Trading Day of the receipt of such Contract Note.

   In the event of any dispute relating to order placement or executing of orders, the burden of proof shall be on the Securities Brokers to establish the authenticity of such order placement or execution thereof.
6. In case the Customer fails to deposit additional margins within one Trading Day of the margin call (in writing), the Securities Broker or PCM, as the case may be, shall have absolute discretion to liquidate the Customer's outstanding positions including the securities purchased and carried in such account to meet the margin shortfall without further notice to the Customer.
7. The Securities Broker or PCM, as the case may be, shall be responsible for the payment of any credit cash balance available in the account of the Customer through cross cheques or other banking channels (instruments) only within one (1) Trading Day of the request of the Customer subject to the maintenance of the margin requirements.
8. The Customer is aware that in the event of its non- payment on settlement day against securities bought on its account the Securities Broker or PCM, as the case may be, may transfer such securities to its Collateral Account under intimation to PSX in the manner as provided in PSX Regulations.
9. The Securities Broker or PCM, as the case may be, shall accept from the Customer payments only in the name of PCM or Trading and Clearing Securities Broker, as the case may be, through "A/c Payee Only" crossed cheque, bank drafts, pay orders or other banking channels drawn on Customer's own bank account. Electronic transfer of funds to the Trading and Clearing Securities Broker or PCM, as the case may be, through banks would be regarded as good as cheque. The Securities Broker or PCM, as the case may be, shall provide the receipt to the Customer(s) in the name of the Customers duly signed by its authorized employee and the Customer(s) shall be responsible to obtain the receipt thereof. In case of cash dealings, proper receipt will be taken and given to the Customer(s), specifically mentioning if payment is for margin or the purchase of securities. The Trading and Clearing Securities Broker or PCM, as the case may be, shall immediately deposit in its bank account all cash received in whole i.e. no payments shall be made from the cash received from clients. However, in exceptional circumstances, where it becomes necessary for Trading and Clearing Securities Broker or PCM, as the case may be, to accept cash in excess of Rs. 25,000/-, the Securities Broker or PCM, as the case may be, shall immediately report within one Trading Day such instances with rationale thereof to the PSX in accordance with the mechanism prescribed by PSX.
10. The Securities Brokers or PCM, as the case may be, shall make all payments to the Customers through crossed cheques / bank drafts / pay orders or any other banking channels showing payment of amount from their business bank account. Copies of these payment instruments including cheques, pay orders, demand drafts and online instructions shall be kept in record for a minimum period prescribed under the Securities Brokers (Licensing and Operations) Regulations, 2016 or any other applicable law.
11. The Securities Broker shall provide to the Customers a quarterly Account Statement which shall include cash and securities ledgers as back office and CDC Sub-Account records along with reconciliation of any differences therein through any of the aforesaid modes of communication. In case of any discrepancy in the ledger statement, the Customer shall inform the Securities Broker within seven (7) days of receipt of the quarterly account statement to remove such discrepancy. Further, the Securities Broker shall provide to a Customer an Account Statement for a period specified by the Customer as and when requested by such Customer.
12. The Customer shall pay all applicable taxes and statutory and regulatory fee and levies and brokerage commissions as are prevailing from time to time in connection with the brokerage services rendered. The Securities Broker/Participant can debit up to the accrued amount of levies and charges the account of the Customers for the abovementioned charges, which shall be clearly detailed in the ledger statement/daily confirmations. Any change resulting in an increase in the brokerage commission shall take effect not earlier than thirty (30) days of intimation of the same to the Customers through acceptable mode of communication prescribed in the Form.
13. The Securities Broker shall append a Risk Disclosure Document with this Form in accordance with the specimen provided by PSX.

Annexure-II

CODE OF CONDUCT FOR TRADING BY EMPLOYEES OF BROKERAGE HOUSES

1. Employees of Securities Brokers desirous of trading must obtain prior written authorization for such activity from the Securities Broker or authorized officer of the Securities Broker on his trading account opening form.

2. Employee must submit to the Securities Broker or authorized officer of the Securities Broker, a written undertaking of his understanding and willingness to strictly abide by all the relevant rules, regulations, codes and procedures as prescribed by the Exchange, Clearing Company, Depository Company and the Commission at all times while trading on his own account.

3. The provisions of Chapter 7 and 7A of these Regulations or any other Regulation which may be made from time to time in this regard would be applicable to such trades.

4. All trades on behalf of the employees concerned shall be executed against their own respective UINs and shall be subject to these Regulations.

5. Employees must ensure that investment advice given to clients by them does not result in a conflict of interest with their individual trading activities.

6. The employees should not indulge in buying or selling securities of a company for their own account or any account over which they exercise control if they possess non-public information or inside information of that company or information pertaining to any potential trade/deal which may affect the share price of that company. Further, they will not pass any such information to others.

7. The employees should not buy or sell those securities for their own account in which they are aware of clients' proposed trades, trades by the Securities Broker or forthcoming research report regarding such securities.

8. Securities Brokers shall monitor their employees' trades regularly and the Internal Audit Department will ensure compliance of these Regulations and any violation shall be communicated to Audit Committee/Chief Executive Officer and shall be submitted to the Exchange and/or the Commission as and when demanded.

9. Adherence by Securities Brokers as well as their employees, in letter and spirit, to this Code of Conduct is mandatory.

Annexure-III

STANDARD RANGE/ SCALE OF BROKERAGE COMMISSION ON DIFFERENT TYPES OF TRANSACTIONS

SR. #	TRANSACTION TYPE	*MINIMUM RATE	EXPLANATION
1	Ready Delivery Contract Market ("Ready Market") – Normal	3p or 0.15% whichever is higher	On every buy and sell transaction which is not squared during the same Trading Day.
2	Ready Market – Intra-Day Squared	3p or 0.15% whichever is higher	On one side – either on buy side or sell side trade.
3	Fixed Income ETF – Normal	1p or 0.01% whichever is higher	On every buy and sell transaction which is not squared during the same Trading Day.
4	Fixed Income ETF – Intra-Day Squared	1p or 0.01% whichever is higher	On one side – either on buy side or sell side trade.
5	Arbitrage between Ready and Future Market	No minimum rate of commission	-
6	Ready Market Trade financed through Margin Trading System/ Margin Financing System/ Morabaha Share Financing	3p or 0.15% whichever is higher	Minimum commission on Ready Market purchase or sale only. No minimum commission on Margin Trading System, Margin Financing System market and Morabaha Share Financing transaction.
7	Deliverable Futures Contract Market	3p or 0.15% whichever is higher	Minimum commission on every buy and sell transaction which is not squared during the contract period.
8	Deliverable Futures Contract Market – Squared Transaction	3p or 0.15% whichever is higher	Minimum commission on one side – if transaction is squared-up in Deliverable Futures Contract Market either through offsetting transaction or rollover.
9	Proprietary Trade and trades of Sponsors and Directors of the Securities Broker and their immediate family members**	No minimum rate of commission	-

* The prescribed range is from minimum brokerage commission, as mentioned above, up to 2.5% of the transaction value in the above mentioned transactions.

** Immediate family member means spouse, children and parents.

NOTES:

1. Commission is exclusive of levies.
2. Rates in each type of transaction can be scaled up within the minimum and maximum ranges.
3. Minimum rate of brokerage commission shall not be applicable on any other markets or transactions not mentioned herein above.
4. The Commission may provide clarification and treatment in respect of applicability of standard range/ scale of brokerage commission on different types of transactions.

Annexure-IV

BROKERAGE COMMISSION ON CDS ELIGIBLE GDS TRADES

SR. #	TRANSACTION TYPE	* RATE	EXPLANATION
1	CDS eligible GDS– IDS based NBCMs	Maximum 1 basis point (0.0100%)	On every buy and sell transaction.*
2	CDS eligible GDS – Other than IDS based NBCMs	Maximum of 9 basis points (0.0900%)	On every buy and sell transaction.*

* For instruments having Days-to-Maturity (DTM) of less than one (01) year, the brokerage commission rate shall be calculated as: Brokerage commission rate (%) x settlement value x (DTM/total days in a year). For instruments having DTM of one year or greater than one (01) year, the brokerage commission rate shall be calculated as: Brokerage commission rate (%) x settlement value.

NOTE:

1. Commission is inclusive of levies charged by PSX, CDC, NCCPL and SECP.

Chapter 5: LISTING OF COMPANIES AND SECURITIES REGULATIONS

5.1. DEFINITIONS:

5.1.1. In this chapter, unless there is anything repugnant in the subject or context:

(a) "Companies Act", means the Companies Act, 2017 (XIX of 2017);
(b) "General Public", shall mean all individual and Institutional Investors including both Pakistani (residents & non-residents) and foreign investors;
(c) "Listed Shell Company", shall mean any Listed Company, classified by the Exchange with reasons to be recorded in writing, as a Listed Shell Company for the purposes of Reverse Merger on the basis of erosion of its equity, no or nominal business operations in its principal line of business as per Memorandum of Association or no or nominal assets;
(d) "Non-Compliant Segment" shall mean a segment of companies which have committed irregularities as mentioned in regulation 5.11.1.
(e) "Operating Unlisted Company", shall mean an unlisted company currently in operation in its principal line of business for at least preceding two financial years and which is intending to merge with a Listed Shell Company;
(f) "Public Offering Regulations", shall mean the Public Offering Regulations, 2017 notified by the Commission and amended from time to time;
(g) "Prescribed", means prescribed by these Regulations or under authority hereof;
(h) "Regulations", shall mean this chapter of the PSX Regulations for the time being in force;
(i) "Reverse Merger", shall mean any transaction pursuant to which an Operating Unlisted Company becomes a Listed Company by merging with and into a Listed Shell Company;
(j) "Risk Warning Alert" shall mean an alert flagged with companies placed in the Non-Compliant Segment or the Winding-Up Segment, which are in continuous violation as specified in Clause 5.11.1 and 5.11.2 respectively, carry risk of suspension of trading or being delisted from the Exchange and may be subject to such terms and conditions as specified by the Exchange;
(k) "Securities Act", means the Securities Act, 2015 (Act No. III of 2015);
(l) "Special Purpose Acquisition Company (SPAC)" shall have the same meanings as defined under clause (liiia) of the Public Offering Regulations";
(m) "Surviving Company", shall mean the Listed Company survived pursuant to scheme of arrangement of an Operating Unlisted Company with a Listed Shell Company approved by the relevant competent authority.
(n) "Winding-Up Segment" shall mean a segment of companies which fall under regulation 5.11.2.

5.1.2. Words and expressions used but not defined in these Regulations shall have the same meaning as are assigned to them in the Public Offering Regulations and in case of any inconsistency between the Public Offering Regulations and PSX Regulations, Public Offering Regulations shall prevail.

5.2. LISTING OF COMPANIES AND SECURITIES:

5.2.1. DEALING IN THE SECURITIES OF A COMPANY AT THE EXCHANGE:

(a) No dealings in securities of a company shall be allowed on the Exchange, either on the Ready Delivery Contract Market or Futures Market, unless the company or the securities have been listed and approval for such dealing has been granted by the Exchange.

(b) The Issuer shall file an application for listing on Form-I along with the documents as mentioned in Annexure-I to this chapter to the Exchange for approval. A copy of the complete application shall be submitted to the Commission for its record.

(c) The Exchange may require such additional evidence, declarations, affirmations, information or other forms to be filled up as it may consider necessary.

(d) The Exchange shall not accept a listing application until the Issuer/Consultant to the Issue has completed all necessary requirements of the Exchange and Public Offering Regulations.

(e) The Exchange shall place the draft prospectus on its website for a period of five working days and shall notify the same, for seeking public comments. The Exchange shall ensure that all comments received on the draft prospectus are incorporated and suitably addressed by the Consultant to the Issue and the Issuer to its satisfaction.

(f) The Exchange shall complete the approval process for listing of an equity security within 12 working days from the date of complete submission of all required documentation including any other additional documentation as required by the Exchange or the Commission. In case the approval is refused, after providing an opportunity of being heard to the applicant, the reasons thereof will be communicated to the applicant and the Commission within two weeks of the decision.

(g) An applicant company or security applying for listing shall furnish full and authentic information in respect thereof and such other particulars as the Exchange may require from time to time.

(h) The issuer whose ordinary shares are already listed at Exchange may apply for listing of other class of shares without making public offer of respective class of shares.

5.2.2. THE EXCHANGE SHALL NOT ENTERTAIN LISTING APPLICATION OF A COMPANY:

(a) Where the Issuer, its sponsors, promoters, substantial shareholders and directors have over-dues or defaults, irrespective of the amount, appearing in the report obtained from the credit information bureau.

(b) The Issuer, or its directors, sponsors, or substantial shareholders have been holding the office of directors, or have been sponsors or substantial shareholders in any company:
(i) Which has been placed in the Non-Compliant Segment or Winding-up Segment by the securities exchange; or
(ii) Whose TRE Certificate has been cancelled or forfeited by the securities exchange; or
(iii) Which has been delisted by a securities exchange due to non-compliance of its regulations.

Provided that Commission may grant relaxation upon reasons to be recorded, and rectification of cause leading to such delisting.

5.2.3. The loan amounting to Rs.500,000 or more written-off by a financial institution during last five years be disclosed in the prospectus.

5.3. UNDERTAKING:

5.3.1. No listing of a company or security shall be allowed unless the applicant company provides an undertaking on Form-II.

5.4. PUBLIC OFFER BY COMPANIES/MODARABAS/SPAC:

5.4.1. In case of issue of equity securities by the applicant company, except for the SPAC, by way of IPO or offer for sale, the allocation to General Public shall be as under:

(a) *FOR COMPANIES SEEKING LISTING:*

POST ISSUE PAID UP CAPITAL (PIPC)	ALLOCATION OF CAPITAL TO THE GENERAL PUBLIC, EXCLUDING PREMIUM AMOUNT AND PRE-IPO PLACEMENT
Up to PKR 2.5 billion	At-least 10% of PIPC *Provided that the Company shall be required to subsequently enhance the quantum of public shareholding to 25% within next 3 years of its listing.*
Above PKR 2.5 billion and upto PKR 5 billion	At-least 10% of PIPC *Provided that the Company shall be required to subsequently enhance the quantum of public shareholding to 15% within next 3 years of its listing.*
Above PKR 5 billion and upto PKR 10 billion	At-least 10% of PIPC
Above PKR 10 billion	At-least 5% of PIPC

(b) *FOR COMPANIES ALREADY LISTED:*

In case of an already listed company at the Exchange, the size of offer of capital shall not be less than Rs.100 million.

Explanation: For the purpose of this clause, the term “size of the offer” means the product of the offer price and the number of shares being offered.

5.4.2. The Issuer or the Offeror, as the case may be, may allocate share capital up to twenty percent (20%) of the public offer to overseas Pakistanis. The amount should be subscribed through proper banking channel.

Provided that in case of under subscription in either of the categories i.e., the quota allocated to resident or non-resident Pakistanis, the unsubscribed portion will be allocated to the applicants of other category.

5.4.3. The Issuer or Offeror, as the case may be, may allocate share capital up to five percent (5%) of the public offer to its employees of the company whose shares are offered.

5.4.4. In the case of a Modaraba applying for listing on the Exchange, thirty percent (30%) of the total paid-up capital shall be subscribed by the sponsors or their associates or friends, relatives and associated undertakings and the balance of seventy percent (70%) shall be offered to the general public.

Provided that the Exchange, if it is satisfied that it is not practicable to comply with the requirements of clause 5.4, in a particular case or class of cases may, for reasons to be recorded, relax the requirements contained therein subject to approval of the Commission.

5.4.5. THE ALLOCATION OF SHARE CAPITAL:

The shares/ warrants shall be allotted or allocated to any persons including sponsors or employees in the manner and with such terms and conditions as prescribed under the Public Offering Regulations.

5.4.6. OFFER/ISSUE THROUGH BOOK BUILDING:

In case where the shares of the company are issued/offered through Book Building, it shall comply with the requirements as prescribed in the Public Offering Regulations.

5.4A. LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT:

5.4A.1. No unlisted company can list or attain the listing status through the scheme of arrangement, except in case of scheme of arrangement involving demerger of Operating Business Segment of a listed company into an unlisted company and shares of unlisted company are issued to the shareholders of the listed company.

5.4A.1.1. *CLASSIFICATION CRITERIA FOR OPERATING BUSINESS SEGMENT*:

For the purpose of this regulation, Operating Business Segment means:

(a) A business component of a listed company that engages in business activities from which it earns revenue and incurs expense";
(b) Revenue from Operating Business Segment must account for 10% of total revenue of the listed company as per last audited accounts or assets of the Operating Business Segment must account for 10% of total assets of the listed company as per last audited accounts;
(c) Operating Business Segment to be demerged must be profitable for preceding financial year as per the last audited accounts.

5.4A.2. CONDITIONS FOR LISTING OF UNLISTED COMPANY THROUGH SCHEME OF ARRANGEMENT:

5.4A.2.1. Conditions Applicable on Listed Company (Demerger of Operating Business Segment):

(a) Listed company, which is entering into the scheme of arrangement involving demerger of Operating Business Segment into unlisted company, shall be required to obtain a No Objection Certificate (NOC) from the Exchange subsequent to the approval of the Board of Directors for entering into scheme of arrangement.
(b) The listed company shall prepare special accounts for the Operating Business Segment for the most recent financial year, and these accounts shall be audited by a QCR-rated audit firm.
(c) Listed company must be compliant with the requirements of the financial statements as per the relevant provisions of the Companies Act, 2017.
(d) Listed company is not placed in Non-Compliant Segment and/or trading in its shares is not suspended at the time of application to PSX for obtaining NOC or at the time of filing of scheme of arrangement.
(e) Listed Company shall obtain approval from the Shareholders through special resolution for entering into the scheme of arrangement involving demerger of the Operating Business Segment into unlisted company.
(f) Listed company shall submit an undertaking on non-judicial stamp paper to the Exchange that company to be listed through scheme of arrangement shall comply with listing requirements specified below.

5.4A.2.2. Conditions Applicable on company to be listed through Scheme of Arrangement (Demerger of Operating Business Segment):

(a) The company to be listed through scheme of arrangement must be compliant with following conditions:
   i. Must be a public limited company incorporated under the Companies Act, 2017 having minimum paid up capital of PKR 200 million.
   ii. At the time of listing, it must have minimum Free-Float as follows:

PAID-UP CAPITAL (PUC)	FREE-FLOAT REQUIREMENT
Up to PKR 2.5 billion	At-least 10% of PUC at the date of listing and increase to 25% subsequently within next 3 years.
Above PKR 2.5 billion and up to PKR 5 billion	At-least 10% of PUC at date of listing and increase to 15% subsequently within next 3 years.
Above PKR 5 billion and up to PKR 10 billion	At-least 10% of PUC at the date of listing.
Above PKR 10 billion	At-least 5% of PUC at the date of listing.

   iii. Its principal line of business is to hold and manage operations of the Operating Business Segment.
   iv. Its promoters/ sponsors/ directors are not promoters/ sponsors/ directors in any other Listed Company, which is in the Non-Compliant Segment or Winding-Up Segment.
   v. It is not an associated company of any other Listed Company (over which the Company has control), which is placed in the Non-Compliant Segment or Winding-Up Segment.
   vi. Its Chief Executive Officer has not served in the past three years or is not serving as Chief Executive Officer of a Listed Company, which is placed in the Non-Compliant Segment or Winding-Up Segment during his tenure.
   vii. The company, its sponsors, promoters, substantial shareholders and directors have no overdues or defaults, irrespective of the amount, appearing in the report obtained from the Credit Information Bureau. This will not apply to the directors nominated by the Federal Government or any Provincial Government and the Financial Institutions.
   viii. Sponsors of the company shall hold their entire shareholding for a period of one year from the date of listing.
   ix. Sponsors of the company shall hold not less than 25% of the Paid-Up Capital of the company for a period of three years from the date of listing.
   Provided that shares of the Sponsors under clause (viii) and (ix) above, shall be kept unencumbered in blocked account with CDC.
   Subject to compliance with clause (viii) and (ix) above, and with the approval of the Exchange, the sponsors of the company may sell their shareholding through block-sale to any other person who will assume the role of sponsor and adhere to the specified requirements.
   x. Comply with any other requirements as may be prescribed by the Commission or the Exchange.

5.4A.3. SUBMISSION OF LISTING APPLICATION – POST SANCTION OF SCHEME OF ARRANGEMENT BY COMPETENT AUTHORITY:

5.4A.3.1. After sanction of scheme of arrangement by the competent authority, the unlisted company shall submit an application to the exchange as per Form-I and submit applicable documents for listing of the company. The Exchange, if satisfied that the company is compliant with the prescribed listing requirements shall approve the listing application.

5.4A.3.2. The Exchange may reject a listing application, at its sole discretion if it deems that listing of the company is not in the interest of the market or the company does not meet any of the prescribed listing requirements. Provided that the company shall be given an opportunity of hearing by the Exchange before the listing application is rejected.

5.4A.4. OPENING PRICE OF THE COMPANY:

5.4A.4.1. The opening price of the shares on the first trading day shall be disseminated within five (05) working days from the dissemination of certified true copy of the Order of the relevant competent authority sanctioning the scheme but not later than the announcement of the final date of book closure by the Listed Company.

Provided that management shall also provide justification in support of the opening price.

5.4A.5. PUBLIC DISSEMINATION OF INFORMATION ON COMPANY TO BE LISTED:

5.4A.5.1. Along with the listing application, the management of the company shall share with the Exchange, the following information/documents relating to company, for onward dissemination to the general public through notice of listing:

(a) Company History and Background;
(b) Shareholding pattern;
(c) Name(s) of Sponsors;
(d) Names and profile of Board of Directors;
(e) Management profile;
(f) Capital structure;
(g) Business model;
(h) Products;
(i) Major customers and suppliers;
(j) Material properties and infrastructure;
(k) Justification in support of the opening price;
(l) Legal proceedings
(m) Risk factors; and
(n) Past financial performance including key ratios.

5.5. PROSPECTUS, ALLOTMENT, ISSUE AND TRANSFER OF SHARES:

5.5.1. No Company will be listed unless it is registered under the Companies Act as a public limited company and its minimum post issue paid-up capital is Rs.200 million.

5.5.2. The companies registered in Gilgit Baltistan and Azad Jammu and Kashmir will be eligible for listing and will be treated at par with companies registered in Pakistan.

5.5.3. Despite receiving the application for approval of listing and any preliminary actions thereon, no company shall be listed unless it has made a public issue which is subscribed by not less than 500 applications.

5.5.4. The requirements of Regulation 5.5.1. or 5.5.3. shall not apply to listing of Securities other than shares of Companies, unless any law so requires or the Federal Government in the exercise of its powers under the Securities Act, 2015 so directs.

5.5.5. The Companies shall ensure that the securities offered to the general public are declared as eligible securities in the CDS.

5.5.6. The audited accounts to be incorporated in the Prospectus / Offer for sale document shall not be older than 8 months from the date of publication of the Prospectus / Offer for sale document. The Prospectus shall contain all disclosures mentioned in the Public Offering Regulations. Moreover, it shall also disclose any loan amounting to Rs. 500,000 or more written-off by a financial institution during last five years.

Provided that in case of secondary public offering and initial public offering of other class of shares, Listed Companies are allowed to publish the Prospectus/Offer for sale document based on audited accounts older than eight months, subject to the condition that they are compliant with the requirements related to annual and quarterly accounts as specified under the Companies Act.

Provided further that the conditions referred to in Regulation 5.5.6. shall not apply to SPAC. Furthermore, SPAC shall ensure that prospectus submitted contains all the disclosures as specified for SPAC in Public Offering Regulations.

5.5.7. *APPROVAL OF PROSPECTUS:*

(a) The prospectus shall be submitted to and approved by the Exchange before an application for its approval is made to the Commission. The Exchange may require additional information, data, certification or requirement to be included in the prospectus. If any applicant fails to comply with such requirements, the Exchange may refuse to issue approval of the prospectus under these Regulations.

(b) The prospectus shall conform to and be in accordance with the requirements and provisions of the Public Offering Regulations, Securities Act, 2015, any other law or legal requirement for the time being applicable, instructions of the Commission, Exchange's Criteria for Listing and the Exchange's Listing Guidelines laid down from time to time not being inconsistent with law or instructions of the Commission. The application made to the Commission shall, amongst other things, be accompanied by the approval given by the Exchange under Regulation 5.5.7.(a) above.
(c) The issuer shall make available to the Exchange and to bankers to the issue for distribution printed copies of prospectus or offer for sale and application forms for shares in the quantity to be determined by the Exchange and the bankers. The company shall also accept applications on identical forms.
(d) The applications for shares/ warrants shall be accepted only through bankers to the issue, whose names shall be included in the prospectus or the offer for sale.
(e) The directors or the offerors, as the case may be, shall not participate in subscription of shares/ warrants offered to the general public.

5.5.8. *SUBSCRIPTION PROCESS:*

(a) The company shall inform the Exchange of the subscription received and such information shall be communicated in writing under the hand of an authorized person with certificate(s) from bankers to the issue, within three (3) Working Days of the closing of subscription.
(b) Within five (05) working days of the close of public subscription period, the company shall allot and issue shares/ warrants against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be refunded.
(c) In case the application for listing is refused by the Exchange, for any or whatsoever reasons, the company shall forthwith repay without surcharge all moneys received from applicants in pursuance of the prospectus or the offer for sale, and if any such money is not repaid within eight days after the Company becomes liable to repay it, the directors of the company shall be, jointly and severally, liable to repay that money from the expiration of eight day together with surcharge at the rate of two percent (2%) for every month or part thereof from the expiration of the eight day.
(d) In case of over-subscription, the company, or the Offerors, as the case may be, shall immediately submit to the Exchange copies of the ballot register of successful applications.
(e) The company shall credit all shares/ warrants in the respective CDS Account of the successful applicants within five (05) working days of the closing of subscription list under intimation to the Exchange.

5.5.9. *BROKERAGE TO TRE CERTIFICATE HOLDERS:*

The Listed Company or the Offeror, as the case may be, shall, within five (05) working days of closing of subscription list, pay brokerage to the Securities Broker at a rate not more than one percent (1%) of the value of the shares actually sold through them.

5.5.10. *SPLIT/CONSOLIDATION OF PHYSICAL INSTRUMENTS:*

(a) The Company shall split letters of right within seven (7) days of receipt of such application.
(b) The Company shall consolidate or split, as may be required by a Security holder in writing certificates within thirty (30) days of receipt of such application.

5.5.11. *CLOSURE OF SHARE TRANSFER BOOKS:*

(a) A company, excluding open-end mutual funds, may close its share transfer books for any purpose and shall give a minimum of seven (7) days' notice to the Exchange prior to closure of Share Transfer Books, provided that the maximum period of closure of books during a year shall not exceed the period specified in section 125 of the Companies Act.

Provided that the Companies/ETFs quoted on the Futures Market shall intimate to the Exchange the dates of their book closure and corporate actions, if any, at least seven (07) trading days before the commencement of book closure. However, the Exchange may change above intimation time period in exceptional circumstances.

(b) The company shall treat the date of posting as the date of lodgment of shares for the purpose for which shares transfer register is closed, provided that the posted documents are received by the Company before relevant action has been taken by the Company.
(c) The company shall issue transfer receipts immediately on receiving the shares for transfer.
(d) The company shall not charge any transfer fee for transfer of shares.

5.5.12. No listed Company shall exercise any lien whatsoever on fully paid shares and nor shall there be any restriction on transfer of fully paid shares. The same shall apply to all listed Securities.

5.6. DISCLOSURE OF INFORMATION, TRADING HALTS AND CREDIT OF DIVIDENDS:

5.6.1. *DISCLOSURE OF PRICE-SENSITIVE INFORMATION:*

(a) Every Listed Company shall immediately disseminate to the Commission and the Exchange all price-sensitive information relating to the business and other affairs of the listed company that may affect the market price of its shares in the manner prescribed by the Exchange from time to time. The said information shall be communicated to the Exchange prior to its release to any other person or print / electronic media.

The price-sensitive information may include but shall not be limited to:

(i) any material change in the nature of business of the company due to technical, strategic, manufacturing, or marketing related changes, opening of new line of business or closure of any existing line of business, either partly or fully;
(ii) information regarding any joint ventures, merger, demerger, restructuring, acquisition or any material contract entered into or lost;
(iii) all decisions of the Board of Directors of the company relating to cash dividend, bonus issue, right issue or any other entitlement or corporate action, buy back of securities or voluntary delisting;
(iv) purchase or sale of significant assets, franchise, brand name, goodwill, royalty, financial plan, etc.;
(v) any undisclosed revaluation of assets including impairment of assets due to any reason;
(vi) delay or loss of production due to strike, fire, natural calamities, major breakdown, etc.;
(vii) a major change in borrowings including projected gains to accrue to the company;
(viii) issue or redemption of securities or any change in the terms of issued securities;
(ix) material change in ownership of the company;
(x) any default in repayment, rescheduling or restructuring of loans or breach of loan agreement by the company;
(xi) default, delay, rescheduling or restructuring in payment of markup, profit, interest or rent etc., as the case may be and in redemption of principal amount in respect of Debt Securities issued by a Listed Company along with reasons thereof;
(xii) change in directors, Chairman, CEO or auditors of the company;
(xiii) fraud/default by the company or fraud/default/arrest of its directors, CEO or executives;
(xiv) initiation of winding up proceedings against the company or any of its associated/subsidiary company;
(xv) non-renewal of license by the Commission or any other relevant licensing authority along with reason(s) of the non-renewal; and
(xvi) any other information that is deemed price sensitive information.

Explanation: Such information shall be disseminated to the Commission and the Exchange as soon as any decision about above referred matters or any other significant issue is taken by the board or a significant matter requiring disclosure has come into the knowledge of the company's management**.**

5.6.2. *DISCLOSURE IN RESPONSE TO A RUMOR OR A REPORT CONTAINING SENSITIVE INFORMATION:*

Whenever a Listed Company becomes aware or is made aware of any rumor or report containing sensitive information, likely to affect market price of its listed Securities or trading volume in any form whatsoever and howsoever including but not limited to the following:
(i) broadcasted/ presented through the electronic media; and not limited to an
(ii) article/news or otherwise; and
(iii) published in a newspaper, newswire, magazine, or any other publication.

The Company should confirm or deny information and set forth the facts sufficient to clarify the same in writing to the Exchange, within one (1) day of such publication / broadcast.

5.6.3. *DISCLOSURE IN CASE OF UNUSUAL MOVEMENTS IN PRICE AND/OR VOLUME OF A SECURITY:*

(a) In case the Exchange observes unusual, significant or sudden movement in price and/or volume of a security of a Listed Company, the Exchange may seek explanation from the Company and the Company shall respond promptly to the Exchange by giving sufficient information as is available to it in order to clarify its position for onward dissemination to the public including but not limited to the following:

(i) details of any matter or development of which it is aware that is or may be relevant to the unusual movements, or
(ii) a statement of the fact if it is not aware of any such matter or development.

(b) It shall be the responsibility of the Listed Company to respond promptly, in the same manner, to any news in the print and electronic media regarding that company which may have caused such unusual movement(s).

5.6.4. *DISCLOSURE OF INTEREST BY RELEVANT PERSONS HOLDING COMPANY'S SHARES:*

Where any director, CEO, substantial shareholder or executive of a Listed Company or their spouses sell, buy or take any beneficial position, whether directly or indirectly, in shares of the Listed Company of which he/she is a director, CEO, substantial shareholder or executive, as the case may be, he/she shall immediately notify in writing to the Company Secretary. Such director, CEO, substantial shareholder or executive, as the case may be, shall also deliver a written record of the price, number of shares, form of share certificates, (i.e., whether physical or electronic into Central Depository System), nature of transaction and cumulative numbers of shares owned to the Company Secretary within seven days of effecting the transaction. The Company Secretary shall immediately forward the same, along with cumulative shareholding in terms of percentage owned, to the Exchange for its dissemination to all concerned. The notice of the director, CEO, substantial shareholder or executive, as the case may be, shall also be presented by the Company Secretary at the meeting of the board of directors immediately subsequent to such transaction. In the event of default by a director, CEO or executive to give a written notice or deliver a written record, the Company Secretary shall place the matter before the board of directors in its immediate next meeting.

Provided that each listed company, excluding open-end mutual funds, shall determine a closed period prior to the announcement of interim/final results and any business decision, which may materially affect the market price of its shares. No director, CEO or executive shall, directly or indirectly, deal in the shares of the listed company in any manner during closed period. The closed period shall start from the day when any document/statement, which forms the basis of price sensitive information, is sent to the board of directors and terminate after the information is made public. Every listed

company shall advise its directors about the closed period at the time of circulating agenda and working papers for the board meetings, along with sending intimation of the same to the Exchange.

Explanation: For the purpose of clause 5.6.1 and 5.6.4, the expression "executive" means the CEO, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary by whatever name called, and other employees of the company for whom the board of directors will set the threshold to be reviewed on an annual basis and disclosed in the annual report.

5.6.5. DISCLOSURE OF INFORMATION RELATING TO ACQUISITION OF MORE THAN TEN PER CENT VOTING SHARES OF A COMPANY:

Where Exchange receives any information from an acquirer under section 110 of the Securities Act 2015, the Exchange, upon receipt of such information, shall immediately disseminate the same to all concerned.

5.6.6. *DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS:*

(a) Every Listed Company shall disseminate to the Exchange information about Related Party Transaction(s) which, individually or taken together with previous transactions with a Related Party during a financial year, is of a value equal to or more than 10% of total assets or annual total turnover as per last year's audited financial statements of the Listed Company, immediately upon entering into such transaction.

Provided that nothing in this clause shall apply to any transactions entered into by the Listed Company in its ordinary course of business on an arm's length basis as specified in terms of section 208 of the Companies Act, 2017 and regulation made thereunder.

(b) The information to be disseminated under sub-clause (a) shall include but not be limited to the following:
(i) Name of Related Party;
(ii) Nature of transaction;
(iii) Amount of transaction;
(iv) Names of the interested person(s) and their nature of interest in the transaction/ related party;
(v) The interested persons' direct and indirect shareholding in the Listed Company;
(vi) Details, description, terms and conditions of transaction; and
(vii) The rationale for and benefit to the Listed Company of such transaction.

5.6.6A. DISCLOSURE OF INFORMATION RELATING TO STAY OBTAINED FROM THE COURT AGAINST THE INSPECTION OR INVESTIGATION PROCEEDINGS OF THE COMMISSION:

The Listed Company shall immediately disclose to the Exchange the information relating to an order of the Court staying any inspection or investigation proceedings initiated by the Commission against such Listed Company.

5.6.7. *NON COMPLIANCE WITH DISCLOSURE OF PRICE SENSITIVE INFORMATION TO THE EXCHANGE:*

(a) In case a Listed Company or Issuer of a Listed Security fails to communicate the complete financial results timely, or any other price sensitive information immediately, such company or issuer will be liable to pay penalty at a minimum of PKR 100,000/- (Rupees one hundred thousand only) and maximum up to PKR 1,000,000/- (Rupees One million only) to be determined by the Exchange.

(b) In case a Listed Company or Issuer of a Listed Security fails to communicate accurate and complete financial results, or any other price sensitive information in a timely manner, the Chief Executive Officer (CEO) as well as Chief Financial Officer (CFO) of such Listed Company or Issuer will be liable to pay a penalty of a minimum PKR 100,000/- (Rupees one hundred thousand only) and a maximum penalty of up to PKR 1,000,000/- (Rupees one million only) to be determined by the Exchange.

Provided that in case of continuing contravention with respect to communication of complete and/ or accurate financial results or non-compliance with the directions issued by the Exchange, an additional amount of penalty amounting to PKR 10,000/- for every day after the first day during which such contravention or default continues, may be imposed by the Exchange.

5.6.8. Every Listed Company and Issuer of Listed Security shall send to the Exchange its quarterly and annual financial results, in the manner prescribed by the Exchange from time to time.

5.6.9. *PROVISION OF STATUTORY REPORTS, AUDITED ACCOUNTS, NOTICE, RESOLUTION AND QUARTERLY REPORTS TO THE EXCHANGE:*

(a) The Company shall send/transmit to the Exchange its statutory report, annual report containing therein the audited financial statements, auditors' report, directors' report and the chairman's review report, in the manner prescribed by the Exchange not later than twenty one (21) days before a meeting of the shareholders is held to consider the same.
(b) The Company shall transmit to the Exchange all notices as well as resolutions prior to their publication and dispatch to the shareholders and also file with the Exchange certified copies of all such resolutions as soon as these have been adopted and become effective.
(c) The Company shall send/transmit to the Exchange its quarterly accounts in the manner prescribed by the Exchange from time to time and within the time stipulated under the Companies Act, 2017.

5.6.10. *PAYMENT OF DIVIDEND:*

Every Listed Company shall:

(i) credit interim and final dividend into the designated bank accounts of the shareholders concerned within the time lines specified by the Commission pursuant to section 242 of the Companies Act;
(ii) intimate the Exchange immediately as soon as all the dividends have been credited in the respective bank accounts of the shareholders.

5.6.11. *SUSPENSION OF TRADING IN THE SHARES OF A LISTED COMPANY PURSUANT TO SCHEME OF ARRANGEMENT:*

Pursuant to the sanction of the scheme of the arrangement involving listed company by the competent authority, the Exchange on announcement of final dates of closure of share transfer registers by the Listed Company for determining the entitlement, shall suspend trading in the shares of the Listed Company as per the Exchange's trading schedule already notified.

5.7. ANNUAL GENERAL MEETINGS/ANNUAL REVIEW MEETINGS, ETC.:

5.7.1. *HOLDING OF MEETING:*

(a) Listed Companies shall intimate to the Exchange the date and time of holding of their annual general meetings. Listed Companies are encouraged to avoid overlap with other Listed Companies in holding their annual general meetings and provide video-link facility to shareholders to enable them to participate in the annual general meetings.

(b) Every Listed Company including Modaraba shall hold its annual general meetings or annual review meetings, as the case may be, and lay before the said meetings its financial statements within one hundred and twenty (120) days following the close of financial year.

Provided that it shall be mandatory for a Company to notify the Exchange of any extension in time of holding the Annual General Meeting by furnishing to the Exchange a copy of the letter of approval from the Commission allowing such extension, within 48 hours of receipt of the same.

5.7.2. *FURNISHING OF MINUTES OF MEETING AND FREE FLOAT RELATED INFORMATION:*

(a) The Listed Company shall furnish certified true copies of minutes of its Annual General Meeting and of every extraordinary general meeting to the Exchange within sixty (60) days of such meeting.

(b) Every Listed Company or issuer of a Listed Security shall:

(i) ensure that requisite input into the CDC free-float functionality is entered in a timely manner to enable the Exchange to access the number and break-up of Free-Float shares of the company on quarterly basis i.e. as on March 31, June 30, September 30 and December 31 each year, within fifteen (15) days of close of each quarter.

(ii) submit to the Exchange an annual Free-Float certificate duly verified by the auditor, in the format specified by the Exchange, within a period of one hundred and twenty (120) days following the close of financial year.

The CDC shall notify to the Exchange late/non-submission of quarterly Free-Float information by any listed company within the timeframe specified in clause (i) above, for initiating necessary action as provided in the PSX Regulations.

(c) A Listed Company or an issuer of a Listed Security which fails to communicate the correct details of Free-Float of shares shall be liable to pay a penalty of Rs. 5,000/- per day from the date of first communication of such details till the correct details are communicated.

5.7.3. *HOLDING OF CORPORATE BRIEFING SESSION:*

Every listed company shall hold atleast one Corporate Briefing Session during the financial year, in the manner as specified by the Exchange from time to time and intimate to the Exchange in advance the date, time and venue of holding of the Corporate Briefing Session.

5.8. INCREASE OF CAPITAL AND ALLIED ISSUES:

Every listed Company shall immediately advise the Exchange of all decisions taken by its board of directors regarding any change in authorized, issued or paid-up capital, by issue of bonus shares, right shares or reduction of capital, etc.

5.8.1. *THROUGH ISSUING OF ENTITLEMENT LETTERS OR RIGHT OFFERS:*

(a) A Listed Company shall issue entitlement letters or right offers to all the Security holders within a period of thirty (30) days from the date of re-opening of security transfer register of the company closed for this purpose.

Provided that this regulation shall not apply on the Security which is eligible to be deposited into CDS. In such cases, the procedure as prescribed by the CDC shall be complied with.

(b) The Exchange may, at the request of the Listed Company, extend time for issuance of the entitlement letter for a period not exceeding thirty (30) days. The company shall pay the following fees to the Exchange for extension granted by the Exchange with regard to issuance of entitlement letters, etc.

(i) for the first fifteen (15) days: Rs. 250/- per day
(ii) for the next fifteen (15) days: Rs. 500/- per day

Failure to seek extension from the Exchange shall make the company liable to a penalty at double the rate of extension fee provided above.

Provided that extension shall not be granted beyond 30 days.

5.8.2. *THROUGH ISSUING OF BONUS SHARES:*

(a) A listed Company shall issue bonus shares certificates within a period of thirty (30) days from the date of re-opening of the share transfer register closed for this purpose:

(i) Bonus shares shall be credited into the respective CDS Accounts of shareholders maintained with the CDC or dispatched to the shareholders concerned by registered post or through courier services unless those entitled to receive the bonus share certificates require otherwise in writing;
(ii) The Exchange shall be immediately intimated as soon as the bonus shares are credited / dispatched to the shareholders;

Provided that in case of Book-Entry Securities deposited into the CDS, in addition to the above, procedure as prescribed by the CDC shall also be complied with.

5.9. OTHER MATTERS:

5.9.1. A Listed Company shall submit to the Exchange certified true copy of its updated memorandum and articles of association immediately after obtaining approval of the Commission for any amendment made therein.

5.9.2. Every Listed Company and issuer of listed security shall notify to the Exchange at least one week in advance the date, time and place of its board meeting specially called for consideration of its quarterly and annual accounts or for declaration of any entitlement for the security holders in the manner prescribed by the Exchange from time to time.

5.9.3. Where no trading has taken place on the Exchange in the securities of a Listed Company for a continuous period of 180 days, the Exchange, if it is satisfied that the prices quoted are not in accordance with the market realities, may except in cases where the earlier quotation is below par value and, with the prior approval of the Commission, quote such companies at par from the one hundred and eighty first day irrespective of the price earlier prevalent.

5.10. QUALITY OF AUDIT:

5.10.1. All Listed Companies shall facilitate the Quality Control Review (QCR) of the audit working papers of practicing chartered accountants, carried out by the Institute of Chartered Accountants of Pakistan (ICAP). For such purpose, all Listed Companies shall authorize their auditors to make available all the relevant information including the audit working papers to the QCR Committee of ICAP.

5.10.2. (a) No Listed Company shall appoint or continue to retain any person as an auditor, who has been found guilty of professional misconduct, by the Commission or by a court of Law, for a period of five years unless a lesser period is determined by the Commission. In case a firm has been appointed as an auditor, and if any of its partners have been held guilty of professional misconduct, the firm shall only be eligible for appointment as an auditor provided a written confirmation is given by the firm to Exchange and the Commission with a copy to ICAP to the effect that such partner shall not be engaged in the audit of any Listed Company for the period specified above.

(b) A person appointed as an auditor shall be guilty of “professional misconduct” if he:

(i) fails to report a material misstatement or fact known to him and non-disclosure of which may render the financial statements misleading or disclosure of which is necessary in his professional capacity;
(ii) fails to obtain sufficient information to warrant the expression of an opinion or his exceptions are sufficiently material to negate the expression of an opinion;
(iii) makes a statement which is misleading, or deceptive;
(iv) incites any one to commit a criminal offence, or helps or encourages anyone in planning or execution of a criminal offence which is committed;
(v) agrees with anyone to prevent or obstruct the course of justice by concealing, destroying or fabricating evidence by a misleading statement which he knows to be untrue;
(vi) deceives any person, either by making a statement, which he knows to be false, or by suppressing matters relevant to a proper appreciation of its significance;
(vii) expresses his opinion on financial statements of any business or enterprise in which he, his firm or a partner in his firm has substantial interest;
(viii) is penalized under any of the provisions of the Companies Act, 2017 in relation to his function as an auditor of a listed company; and
(ix) is guilty of any other act which is determined as professional misconduct by the Commission in relation to his function as an auditor of a listed company.

5.10.3. The auditor of a listed company shall not provide the following services to such Listed Companies:

(i) preparing financial statements, accounting records and accounting services;
(ii) financial information technology system design and implementation, significant to overall financial statements;
(iii) appraisal or valuation services for material items of financial statements;
(iv) acting as an Appointed Actuary within the meaning of the term defined by the Insurance Ordinance, 2000;
(v) actuarial advice and reviews in respect of provisioning and loss assessments for an insurance entity;
(vi) internal audit services related to internal accounting controls, financial systems or financial statements;
(vii) human resource services relating to:

(i) executive recruitment;
(ii) work performed (including secondments) where management decision will be made on behalf of a listed audit client;
(viii) legal services;
(ix) management functions or decisions;
(x) corporate finance services, advice or assistance which may involve independence threats such as promoting, dealing in or underwriting of shares of audit clients;
(xi) any exercise or assignment for estimation of financial effect of a transaction or event where an auditor provides litigation support services as identified in paragraph 9.187 of Code of Ethics for Chartered Accountants;
(xii) share registration services (transfer agents); and
(xiii) any other service(s) which the Council of Institute of Chartered Accountants of Pakistan ("ICAP") with the prior approval of the Commission, may determine to be a "prohibited service".

The Commission may on the recommendation of ICAP or in its sole discretion and to the extent deemed fit and proper exempt one or more services from the restriction under this Regulation.

5.10.4. A listed company shall not appoint or continue to retain any person as an auditor, who is engaged by such company to provide services listed in Regulation 5.10.3 or if a person associated with the auditor is, or has been, at any time during the preceding one year engaged as a consultant or advisor or to provide any services listed in Regulation 5.10.3.

Explanation:

For the purposes of this regulation, the expression "associated with" shall mean any person associated with the auditor, if the person:

(a) is a partner in a firm, or is a director in a company, or holds or controls shares carrying more than twenty percent of the voting power in a company, and the auditor is also partner of that firm, or is a director in that company or so holds or controls shares in such company; or
(b) is a company or body corporate in which the auditor is a director or holds or controls shares carrying more than twenty percent of the voting power in that company or has other interest to that extent.

5.10.5. No listed company shall appoint a person as an external auditor or a person involved in the audit of a listed company who is a close relative, i.e. spouse, parents, dependents and non-dependents children, of the CEO, the CFO, an internal audit or a director of the listed company.

5.10.6. Every listed company shall require external auditors to furnish a Management Letter to its Board of Directors within 45 days of the date of audit report.

Provided that any matter deemed significant by the external auditor shall be communicated in writing to the Board of Directors prior to the approval of the audited accounts by the Board.

5.11. NON-COMPLIANT SEGMENT, WINDING-UP SEGMENT, RISK WARNING ALERT, SUSPENSION AND DE-LISTING:

5.11.1. A Listed Company may be placed in the Non-Compliant Segment if:

(a) It has suspended commercial production/business operations in its principle line of business for a continuous period of one year;

Upon placement of such company on the Non-Compliant Segment, the Exchange shall only initiate actions under regulation 5.11.3(a) and 5.11.3(b).
Provided that this regulation shall not apply on SPAC.

(b) It has failed to hold its one Annual General Meeting (AGM) / Annual Review Meeting (ARM) as per law;

Upon placement of such company on the Non-Compliant Segment, the Exchange shall only initiate actions under regulation 5.11.3 (a) and 5.11.3 (b).
However, if such a company fails to hold its AGM/ ARM even after 6 months of placement on the Non-Compliant Segment, a Risk Warning Alert will be issued.
Further, if such a company fails to hold its AGM/ ARM for two consecutive years, the Exchange shall suspend trading in shares of the company and provide it further period not exceeding 90 days to rectify the non-compliance(s). In case a Company still fails to rectify, the Exchange shall initiate further actions against the company commencing from regulation 5.11.3 (e).

(c) It has failed to submit its annual audited financial statements for the immediately preceding financial year as per law;

Upon placement of such company on the Non-Compliant Segment, the Exchange shall only initiate actions under regulation 5.11.3 (a) and 5.11.3 (b).
However, if such a company fails to submit its annual audited financial statements even after 6 months of placement on the Non-Compliant Segment, a Risk Warning Alert will be issued.
Further, if such company fails to submit its annual audited financial statements for two consecutive years, the Exchange shall suspend trading in shares of the company and provide it further period not exceeding 90 days to rectify the non-compliance(s). In case a Company still fails to rectify, the Exchange shall initiate further actions against the company commencing from regulation 5.11.3 (e).

(d) It has failed to pay within the time specified by the Exchange:

(i) the annual listing fees for two (2) years; or
(ii) any penalty imposed by the Exchange under these Regulations through final order; or
(iii) any other dues payable to the Exchange under these Regulations;

(e) It for any reason whatsoever has failed to join CDS after its security has been declared eligible security;

Trading in shares of such company shall remain suspended until joining of CDS by the Company and/ or further actions taken by the Exchange under these Regulations.

(f) Its CDS eligibility has been revoked by the CDC;

Trading in shares of such company shall be suspended immediately by the Exchange following which the Exchange shall initiate further actions against the company under regulation 5.11.3. However, due to immediate suspension, no Risk Warning Alert shall be issued under regulation 5.11.3 (d).

(g) Its statutory auditor has issued a disclaimer or an adverse opinion in the audit report;

Upon placement of such company on the Non-Compliant Segment, the Exchange shall only initiate actions under regulation 5.11.3(a) and 5.11.3(b).

(h) License of the listed regulated person or listed company, as the case may be, has been canceled or revoked by the Commission or licensing authority;

Trading in shares of such company shall be suspended immediately by the Exchange following which the Exchange shall initiate further actions against the company under regulation 5.11.3. However, due to immediate suspension, no Risk Warning Alert shall be issued under regulation 5.11.3 (d).

(i) It has failed to comply with any provision of this Chapter or where, in the opinion of the Exchange, it is necessary to do so in the interest of protecting investors and maintaining a fair, orderly and transparent market.

5.11.2 A Listed Company may be placed in the Winding-up Segment:

(a) Upon receipt of information that the Commission has passed order for winding-up of the company;
(b) Upon receipt of information that winding-up petition is filed against the company in Court by the Commission;
(c) Upon receipt of information that winding-up petition is filed by creditor(s) or shareholder(s) in the Court subject to the following conditions:
   i. such creditor or creditors, either severally or jointly, have a claim against the company which is equivalent to at least ten percent of the equity of the company as per the latest accounts available with the Exchange; or
   ii. such shareholder or shareholders, either severally or jointly, own at least ten percent of the company's paid-up capital;
(d) Voluntary winding-up proceedings have commenced through passing of special resolution.

Upon placement of the company on the Winding-up Segment under sub-clause (a) above, the Exchange shall take action under regulation 5.11.3.

Provided that upon placement of such company on the Winding-up Segment under sub-clauses (b), (c) and (d) above, the Exchange shall initiate actions under regulation 5.11.3(a) and 5.11.3(b) and trading in shares of such companies shall be suspended.

Provided that upon appointment of Liquidator or Official Liquidator, the Exchange shall proceed further under regulation 5.11.6.

5.11.3 Upon placement of a Company or its Security on the Non-Compliant Segment or the Winding-up Segment, as the case may be, pursuant to sub-clause 5.11.1 and 5.11.2, the Exchange shall initiate the following actions, unless specific actions are provided under clause 5.11.1 and 5.11.2:

(a) Issue notice(s) for the general public disclosing the information available with the Exchange regarding placement of the company or its securities on the Non-Compliant Segment or Winding-up Segment as per the format of notice agreed with the Commission;

(b) Advise the CDC and/ or Registrar in case of physical shares to freeze the shares of the company in the CDS accounts or in the name of the sponsors, directors and senior management of the Company, as per relevant information to be provided to the CDC/ Registrar by the Exchange;

Provided that in case of change of management, revival of the company or to ensure compliance with the relevant provisions of applicable law, the Exchange may request CDC/ Registrar to allow transfer of such blocked shares to any other person(s) in the same form upon submission of a scheme of revival duly approved by the Board of Directors, preferably of the Listed Company, including supporting documents and agreements to the Exchange.

Provided further that upon placement of a company on the Non-Compliant Segment under sub-clause 5.11.1(a), the Exchange may in addition to taking action as above instruct such Company to take necessary measures to commence/ resume commercial production or business operations, as the case may be, and submit quarterly progress report to the Exchange for dissemination to market participants.

(c) Instruct the Company to rectify the non-compliance(s) within the specified time not exceeding 90 days from the date of placement of the Company on the Non-Compliant Segment;

(d) In case a Company fails to rectify the non-compliance(s) within the timeframe specified in sub-clause 5.11.3 (c) or sub-clauses to Regulation 5.11.1 above, the Exchange shall issue a Risk Warning Alert against such Company and provide it further period not exceeding 90 days to rectify the non-compliance(s);

(e) In case a Company still fails to rectify the non-compliance(s) within the timeframe specified in sub-clause 5.11.3 (d), the Exchange shall issue compulsory buy-back directions to the majority shareholders/ sponsors having control of the Company in the manner as provided under clause 5.14 and for SPAC as provided in Public Offering Regulations, 2017 within the time specified by the Exchange, not exceeding 90 days from the date of such direction or rectify the non-compliance(s) within such period;

(f) Upon completion of the buy-back process of shares by majority shareholders/ sponsors of the Company within the timeframe specified under sub-clause 5.11.3 (e), the Exchange shall delist such Company through a notice in writing under intimation to the Commission;

(g) In case of failure of majority shareholders/ sponsors of the Company to comply with the compulsory buy-back directions within the timeframe specified under sub-clause 5.11.3 (e) above, the Exchange shall forward the case of the Company to the Commission for initiating winding-up proceeding against such company under the relevant provisions of the Companies Act, 2017.

5.11.4. Any information/ notices issued in relation to actions taken against any company under regulation 5.11.1 and 5.11.2 or restoration of such company to the normal Ready Delivery Contracts Market shall be disseminated by the Exchange to the market participants prior to opening of market on the next trading day.

5.11.5. Mechanism to be followed for Suspension of Trading in the Shares:

The Exchange shall suspend trading in the shares of a Company under these Regulations by providing the company with notice of 14 trading days for submitting reasons as to why trading in its shares may not be suspended by the Exchange. Upon failure of the company to rectify its non-compliance(s) within 7 trading days from the date of such notice, trading in shares of the company shall be allowed only on T+0 (SPOT) for the next 7 days, and upon continued failure of the company to rectify its non-compliance(s), the Exchange shall suspend trading in the shares of the company from the 15th trading day.

Provided further that the trading in the shares of a company shall be suspended immediately under clause 5.11.1 (f) without following the above mechanism of suspension.

5.11.6. The Company shall be delisted from the Exchange upon appointment of an Official Liquidator by the Court.

Provided that in the case of appointment of Liquidator through passing of special resolution by the shareholders under clause 5.11.2 (d) above, the Exchange shall delist such Company upon submission of relevant documents including Auditor's Certificate confirming disbursement of sale proceeds by the Liquidator to the concerned shareholders.

5.11.7. No company shall be de-listed under these Regulations, unless such company has been provided an opportunity of being heard. In case of failure of the company to avail the hearing opportunity, the Exchange shall proceed to delist the company on ex-parte basis.

5.11.8. In case of a company having more than one ground for placement in the Non-Compliant Segment and Winding-up Segment, the Exchange shall follow the steps prescribed for the ground that lead to earlier suspension or delisting of the company, as the case may be.

5.11.9. The Exchange may relax the action under sub-clause 5.11.3 (e) and 5.11.3 (g) subsequent to placement of a company in the Non-Compliant Segment, if it is established that such action may not be in the best interests of its shareholders/investing public and where the company has demonstrated improvement from the last reported progress towards the rectification of cause(s) of its non-compliance(s).

The Exchange shall disseminate its decision to grant any such relaxation for the information of market participants.

Provided that the relaxation so granted shall not be more than 60 days at once, however, the same may be extended considering the ground(s) as aforementioned.

5.11.10. Without prejudice to various specific or other enforcement actions provided or available under these Regulations, the Exchange shall have powers to place the company in the Non-Compliant Segment, suspend trading in its security or delist it, if in the opinion of the Exchange, such company has defaulted or contravened any of these Regulations.

5.11.11. Trading in the securities of a company placed in Non-Compliant Segment and Winding-Up Segment, if allowed, shall be affected separately and the prices shall also be quoted separately in the Daily Quotations until such company is removed from the such segments and restored to the normal counter of the Exchange.

5.11.12. The placement of a company in the Non-Compliant Segment, Winding-Up Segment, its suspension or de-listing under regulation 5.11 or the preceding sub-regulation shall be communicated to the Commission, such company and simultaneously notified to the market participants, inter-alia by posting it on website of the Exchange and publishing it, if deemed necessary, in the Daily Quotations of the Exchange.

5.12. EFFECTS OF SUSPENSION OF TRADING IN THE SECURITIES OF A SUSPENDED COMPANY:

5.12.1. Transfer in the physical shares of such company shall be restricted. However, such restriction shall not be applicable in cases where:

(a) the Share Registrar/ Transfer Agent/ the company has received transfer request from a shareholder prior to the date of suspension; or
(b) the shares have been purchased prior to the date of suspension of trading and the shareholder provides proper instrument of transfer, evidencing purchase of such shares prior to the date of suspension, to the Share Registrar/ Transfer Agent/ the company.

5.12.2. It shall be mandatory upon the company to ensure that no transfers in physical shares, other than as specified in Regulation 5.12.1.(a) and 5.12.1.(b) above, take place during the period of suspension. Within ten (10) days of suspension, the company shall provide the Exchange with a copy of its Share Transfer Register, as of the day prior to the day of suspension, and details of any transfers registered under Regulation 5.12.1 (a) and 5.12.1 (b) subsequent to suspension in trading of its shares shall also be submitted to the Exchange within 48 hours of registration of such transfer.

5.13. RESTORATION OF TRADING IN THE SHARES OF SUSPENDED COMPANY:

The Exchange may restore trading in the shares of such company, where the cause of suspension of trading has been removed to the satisfaction of the Exchange. Where trading in the shares of such company is suspended continuously for 180 days or more, the Exchange may require such company to comply with any one or more of the following conditions and in such manner/ time as may be specified by the Exchange:

(a) Submit a satisfactory resumption proposal with a view to resuming trading in its securities including short-term milestones to implement such proposal;
(b) Publish an appropriate announcement to the public detailing the measures adopted for removal of cause of suspension;
(c) Conduct a corporate briefing session for the shareholders and analysts;
(d) Release latest annual or quarterly financial report or any other relevant report/ documents deemed acceptable by the Exchange for the purpose; and/ or
(e) Comply with any specific requirements or conditions as may be prescribed by the Exchange.

5.14. VOLUNTARY DE-LISTING:

5.14.1. **Intimation of VD:**

A company shall intimate the Exchange immediately subsequent to its Board's decision to buy back shares from the minority shareholders and voluntarily delist from the Exchange. The intimation may also include the proposed purchase price, in line with the Buyback Price Criteria given in clause 5.14.2 below and the reasons for delisting.

5.14.2. **Buyback Price Criteria:**

The proposed purchase price shall not be less than the highest of the following:
(a) Weighted Average Closing Market Price of the last 5 days preceding the date of the board meeting in which the company resolves to delist from the Exchange;
(b) 3-year Weighted Average Market Price one day preceding the date of the board meeting in which the company resolves to delist from the Exchange (using Closing Market Prices);
(c) Intrinsic Value Per Share on the basis of the revaluation of assets of the company. (The revaluation shall be conducted by an Independent Valuator shortlisted by the Exchange, and shall not be older than 3 months from the date of complete submission of all documentation which shall accompany the formal application for voluntary delisting. Intrinsic Value per share shall be certified by an Audit Firm falling in Category 'A' or 'B' of SBP's Panel of Auditors. The intrinsic value may also include any other factor in addition to tangible and intangible assets of company which may be considered appropriate while fixing the price of shares.);
(d) P/E Multiple approach (for profitable companies reporting a Profit after Tax at least in the year preceding the intimation of delisting);
(e) The maximum price at which the Sponsors had purchased these shares from the open market in the preceding one year.

5.14.3. **Formal Application for VD:**

The company shall submit a formal application for voluntary delisting within 45 days of the date of intimation, stating the proposed purchase price and the reasons for delisting. The following shall be submitted along with the formal application of delisting:

(a) Non-refundable Voluntary Delisting Application Fee of Rs. 500,000/-;
(b) Any outstanding dues of the Exchange;
(c) Valuation Report by the Independent Valuator, and Auditor's Certificate certifying the Intrinsic Value per share;
(d) Sponsors' Undertaking that they would purchase the shares of minority shareholders at a price to be approved in their general meeting of shareholders for an initial buy-back period of 60 days and for a further period of one year;
(e) Sponsors' Undertaking that they shall abide by PSX Regulations/ Procedures/ Guidelines/ Terms & Conditions pertaining to Voluntary Delisting;
(f) Sponsors' Undertaking that all material disclosures relating to the affairs of the company have been made to the shareholders and the Exchange, and that they do not have any information which will constitute an offence under Part X of the Securities Act;
(g) Consent of Purchase Agent, who acts as an agent for purchase of the securities to be de-listed on behalf of the majority security holders as contemplated by these Regulations and who shall be a Securities Broker of the Exchange;

(h) Undertaking of Purchase Agent which will constitute an irrevocable open offer to purchase securities from minority shareholders at a price approved in the general meeting, valid for an initial buy-back period of 60 days and for a further period of 12 months;
(i) Complete list of majority shareholders, along with shareholding details;
(j) Complete list of minority shareholders, along with shareholding details;
(k) Statement from the Sponsors (giving details such as price and number of shares) of the shares they purchased from the open market in the one year preceding the date of intimation.

The Exchange shall be empowered to ask for any additional information/ details, which shall be provided by the company within 7 days of the date of such request by the Exchange.

5.14.4. **Minimum Purchase Price:**

The Exchange shall determine the minimum purchase price which shall not be less than the Buyback Price Criteria given in PSX Regulation 5.14.2. The determination shall take into account any other factor which may be considered appropriate while fixing the price of shares.

5.14.5. **Quantum to qualify for delisting:**

(a) Where the Sponsors' shareholding is less than 90%, the Sponsors shall be required to increase their shareholding to at least 90% of the total shares of the company to qualify for delisting.
(b) Where the Sponsors' shareholding is 90% or above, it shall not be mandatory for them to purchase any minimum quantum of the shares outstanding to qualify for delisting. However, the sponsors shall be obligated to purchase shares from the minority shareholders during the initial buyback period and for a further period of one year as per the requirements of these Regulations.

5.14.6. **Condition for Voluntary Delisting:**

The company shall be bound to comply with the Procedures, Guidelines, and any Terms & Conditions laid down by the Exchange for voluntary delisting. The Exchange may, for any reason whatsoever, refuse to accept the voluntary delisting application of the company.

5.14.7. **Sponsors' Acceptance / Appeal:**

The Sponsors shall be required to convey their acceptance to the purchase price and quantum fixed by the Exchange within 10 days of being informed of the Exchange's decision. The purchase price accepted by the Sponsors shall be the Opening Price as well as the Floor Price from the next trading day.

The company may file an appeal against the Exchange's decision with the Commission within 10 days of being informed of the Exchange's decision. The decision taken by the Commission shall be final and binding.
If the Sponsors do not convey their acceptance to the purchase price and quantum fixed by the Exchange and also do not file an appeal with the Commission within the stipulated time under PSX Regulations, the voluntary delisting application shall stand withdrawn.

5.14.8. **General meeting of shareholders:**

The company shall call a general meeting of its shareholders, within 30 days of the Sponsor's Acceptance, and pass a special resolution resolving that the securities be delisted on the price and terms stipulated by the Exchange. A copy of the special resolution shall be submitted to the Exchange.

The Sponsors shall not withdraw their voluntary delisting application after the voluntary delisting proposal has been approved by the company's shareholders in a general meeting.

5.14.9. **Post-General Meeting:**

Within 7 days of the approval of the shareholders in a general meeting, the company shall submit the following to the Exchange:

(a) Sponsors' Bank Guarantee to secure their obligation valid for a period of 15 days from the expiry date of the Initial Buyback Period. (Bank Guarantee Amount = Number of Shares held with Minority Shareholders * Purchase Price); and
(b) Draft notice containing the Terms & Conditions of buyback to be published in two widely circulated newspapers.

Moreover, within 7 days of the approval of the shareholders in a general meeting, the company shall:
(a) Convey to all the minority shareholders the decision taken in the general meeting along with a copy of the special resolution; and
(b) Publish notice containing the Terms & Conditions of buyback in two widely circulated newspapers.

5.14.10. **Initial Buyback Period:**

For a period of 60 days, the Sponsors shall be obliged to purchase shares from minority shareholders through the Purchase Agent at the price approved in the company's general meeting. All trades shall be conducted only through the Exchange's Trading System irrespective of marketable lot. The Purchase Agent shall be required to maintain a live bid in the Trading System at the minimum purchase price approved in the company's general meeting and any executed trade shall be based on market forces.

5.14.11. **Post-Initial Buyback Period:**

Within 7 days of completion of the Initial Buyback Period or such extended number of days as may be specified by the Exchange, the company shall submit the following information to the Exchange in tabular form:

Pre-Initial Buyback Period			During Initial Buyback Period			Post-Initial Buyback Period		
Particulars	No. of Shares	% of Shares	Particulars	No. of Shares	% of Shares	Particulars	No. of Shares	% of Shares
Sponsors			Shares purchased by the Sponsor			Sponsors		
Minority Shareholders						Minority Shareholders		

5.14.12. **Successful Buyback:**

If the Sponsor successfully acquires the quantum determined under PSX Regulation 5.14.5. and approved by the shareholders in a general meeting, the Sponsors' offer for buyback shall be deemed successful. The company shall be subsequently delisted from the Exchange.

5.14.13. **Public Notice Post-Successful Buyback:**

The company shall publish a notice in two widely circulated newspapers informing the remaining minority shareholders that the Initial Buyback Period has lapsed and any minority shareholder who still wishes to sell his shares may do so within a further period of one year from the conclusion of the 60-day Initial Buyback Period by contacting the Purchase Agent. The same information shall also be intimated to minority shareholders via email and/or registered post, as may be appropriate.

5.14.14. **Sponsors' Ongoing Obligation:**

The Sponsors shall remain obliged to purchase shares from minority shareholders through their Purchase Agent at the price approved in the company's general meeting for a further period of one year from the 60-day Initial Buyback Period.

5.14.3. Regulation 5.14. shall not be applicable on SPACs.

5.15. DELETED:

5.16. DELETED:

5.17. DELETED:

5.18. RELAXATION:

Where the Exchange is satisfied that it is not practicable to comply with any requirement pertaining to voluntary delisting under these Regulations, in a particular case or class of cases, the Exchange may, for reasons to be recorded, relax such requirement subject to such conditions as it may deem fit.

5.19. LISTING AND ANNUAL FEES:

5.19.1. *LISTING FEE SCHEDULE*:

(a) A company applying for listing on the Exchange, shall pay an initial listing fee equivalent to 0.1% of the paid-up-capital subject to a maximum of PKR 2.2 million.

Provided that in case of Open-Ended Mutual Funds, the initial listing fee shall be charged at the rate of 0.05% of the amount of total fund size of Mutual Fund subject to a maximum fee of PKR 500,000.

(b) Whenever, a listed company increases the paid-up capital of any class or classes of its shares, or securities listed on the Exchange, it shall pay to the Exchange a fee equivalent to 0.2% of increase in Paid-Up Capital.

(c) Every listed company shall pay, in respect of each financial year of the Exchange, commencing from 1st July and ending on 30th June next, an annual listing fee calculated on the basis of the company's *market capitalization, in accordance with following schedule, subject to a maximum of PKR Five million:

* **Explanation:** For the purpose of this sub-clause, the market capitalization shall be calculated by multiplying the last one year's volume weighted average price with the company's outstanding ordinary shares as on June 30, of the preceding year.

Rate of Fee applicable with effect from July 01, 2020:

COMPANIES HAVING MARKET CAPITALIZATION AS ON JUNE 30	RATE OF FEE PER ANNUM
Up to Rs.100 million	Rs. 100,000
Above Rs.100 million & up to Rs. 250 million	Rs. 100,000+0.075% on excess over Rs.100 million
Above Rs. 250 million & up to Rs.500 million	Rs. 212,500+0.06% on excess over Rs. 250 million
Above Rs. 500 million & up to Rs.1,000 million	Rs. 362,500+0.025% on excess over Rs. 500 million
Above Rs. 1,000 million & up to Rs. 2,000 million	Rs. 487,500+0.015% on excess over Rs.1,000 million
Above Rs. 2,000 million & up to Rs.10,000 million	Rs. 637,500+0.013% on excess over Rs.2,000 million
Above Rs.10,000 million & up to Rs.20,000 million	Rs. 1,677,500+0.005% on excess over Rs.10,000 million
Above Rs. 20,000 million & up to Rs.50,000 million	Rs. 2,177,500+0.0015% on excess over Rs.20,000 million
Above Rs.50,000 million	Rs. 2,627,500+0.001% on excess over Rs.50,000 million

Provided that in case of Open-Ended Mutual Funds, the annual listing fee equivalent to 0.025% of the amount of total fund size of Mutual Fund subject to maximum fee of PKR 50,000 shall be payable in respect of each financial year of the Exchange, commencing from 1st July and ending on 30th June next, before the 30th September in each calendar year.

Provided further that the Board may revise the above fees or any of the slabs or add new slabs with the approval of the Commission.

Provided further that every company applying for listing shall not be charged an annual listing fee for twelve (12) months from the date of its listing.

(d) The above Listing fee or any other sum fixed by the Board shall be payable by 30th September in advance for every financial year.

(e) Failure to pay the annual fee by 30th September shall make the company liable to pay a surcharge at the rate of 1.5 per cent (one and a half per cent) per month or part thereof, until payment. However, if reasonable grounds are adduced for nonpayment or delayed payment of annual fee, the Exchange may, reduce or waive the surcharge liability.

(f) Where a company withdraws or where the Exchange refuses the listing application, for any or whatsoever reasons, the Exchange may charge additional service fee, equivalent to initial listing fee or PKR 500,000, whichever is lower, which may be adjusted from the initial listing fee paid by such company under Clause 5.19.1 (a) of these Regulations.

(g) A company applying for revalidation of approval earlier granted by the Exchange for issue, circulation and publication of prospectus upon lapse of its validity shall pay to the Exchange a revalidation fee at the rate of 0.05% of the paid up capital subject to a maximum fee of PKR 1 million.

Provided that such fee shall be charged only in cases where validity of approval of the Commission for issue, circulation and publication has also lapsed.

5.19.2. *LISTING FEE PAYMENT PROCESS*:

(a) All Exchange dues shall be paid by cheques, pay orders, bank drafts or via electronic transfer to the Exchange at any Bank Branch located in Karachi.
(b) Without prejudice to the action which the Exchange may take under these Regulations in the event of non-payment of its dues, nothing shall prevent the Exchange from recovering such dues through posting names of non-compliant companies on the website of the Exchange or by invoking the process of law and obtaining order of a competent court.

5.20. COMPLIANCE WITH ACCESS TO INSIDE INFORMATION REGULATIONS, 2016:

(a) All Listed Companies shall maintain and regularly update a register to enlist persons employed under contract or otherwise, who have access to inside information, in the manner as provided in Access to Inside Information Regulations, 2016 as may be amended from time to time.
(b) For the purpose of sub-clause (a), a Listed Company shall designate a senior management officer who shall be responsible for entering or removing names of persons in the said register in a timely manner. The said designated officer shall be obliged to keep proper record including basis for inclusion or exclusion of names of persons in the said list and make the same available as and when required by the Commission.

5.21. DISCIPLINARY ACTIONS:

5.21.1. Any Listed Company which fails or refuses to comply with, or contravenes any provision of these Regulations, or knowingly and willfully authorizes or permits such failure, refusal or contravention, shall, be liable to disciplinary action(s) by the Exchange as specified below:

(a) Issue an Advice;
(b) Issue a warning in writing to act more carefully and vigilantly.
(c) Reprimand in writing that the conduct warrants censure;
(d) Impose any one or more conditions or restrictions;
(e) Direct to take remedial actions to rectify its non-compliance(s);
(f) Impose a fine as specified below:

REGULATION NO.	AMOUNT OF PENALTY	AMOUNT OF PENALTY FOR EVERY DAY DURING WHICH THE NON-COMPLIANCE(S) CONTINUE
5.7.2 (b), 5.5.10, 5.6.9 (c)	-	PKR 5,000/-
5.6.9 (a), 5.7.1 (b), 5.8.1 (a), 5.8.2 (a)(i)	-	PKR 10,000/-
5.6.10 (i)	-	KIBOR+1% of defaulted amount
5.7.1 (a)	PKR 10,000/-	-
5.14	PKR 200,000/-	PKR 10,000/-

Provided where reasonable grounds are adduced by a company and after taking into account the factors including but not limited to the severity and frequency of non-compliance of such company, the Exchange may waive or reduce the applicable fine under this Chapter and/or initiate any one or more disciplinary actions laid down under sub-clause (a) to (e) of this clause.

5.21.2. In cases where specific Penalty provisions have not been provided in these Regulations then whoever fails or refuses to comply with, or contravenes any provision of these Regulations, or fails to comply with directions, decisions, notices, guidelines, clarifications and circulars of the Exchange or fails to provide any required information or provides incomplete, false, forged or misleading information to the Exchange as may be required from time to time, or knowingly and willfully authorizes or permits such failure, refusal or contravention, shall, be liable to fine not exceeding five hundred thousand rupees for each non-compliance(s), and in case of continuing failure, refusal or contravention, to a further fine not exceeding Rs.10,000/- (Rupees ten thousand only) for every day after the first day during which such contravention continues. No such penalty shall be imposed unless an opportunity of being heard has been granted.

5.21.3. The amount of penalty shall be paid to the Exchange.

5.21.4. The name of company which is in default of Regulation 5.5.10 shall be notified to the TRE Certificate Holders of the Exchange and placed on the website of the Exchange.

5.21.5. Any action under this Regulation shall be without prejudice to the action or steps taken by the Commission, any other authority or person.

No company which has been suspended shall be restored until it has paid the full amount of penalty for the days of the non-compliance(s).

5.21.6. The CRO or any officer of RAD not below the level of Senior Manager and authorized in this regard by the CRO, may conduct a hearing in respect of any violation/ non-compliance by a Listed Company of provisions of these Regulations. The Chief Executive Officer or any other Senior Management Officer of the Listed Company concerned or any of its representatives, who is well conversant with the case and is authorized in this regard, shall appear for the hearing with proof of such authorization. Upon completion of the hearing, the officer of RAD who conducted the hearing shall send the recommendations to the CRO for approval and final decision.

Provided that all cases of violation/ non-compliance by Listed Companies shall be disposed-off within sixty (60) days of the date of first hearing by the RAD.

Provided that in case hearing could not be disposed-off within the prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay shall be communicated in writing to the RAC, which may grant further extension of time for the disposal of the case.

5.21A. APPEAL PROCEDURES:

5.21A.1. A Listed Company, if dissatisfied with the enforcement order passed by the CRO against it, may file an appeal in the manner prescribed under Clause 5.21A.3.

5.21A.2. The appeal shall be heard and decided by the Appellant Committee, constituted by the Board on a case to case basis, which shall include industry expert(s), senior management staff and independent director(s) of the Exchange. The decision of the Appellant Committee shall be final and binding on the concerned Listed Company.

Provided that no member of the Appellant Committee shall have any association with either party of the appeal.

5.21A.3. The Listed Company filing an appeal under Clause 5.21A.1 shall comply with the following:

(a) The appeal shall be filed by the concerned Listed Company with the Secretary of the Appellant Committee within 30 days of receipt of the enforcement order passed by the CRO.

(b) The appeal processing fee of PKR 5,000 shall be paid together with the appeal application.

Provided that the appeal processing fee shall be refunded to the Listed Company if the Appellant Committee overturns the original decision or varies it in the manner sought by the Appellant. The Appellant Committee may also order to refund, in full or part, the appeal processing fee for any other reason.

(c) The Listed Company shall submit pay order/ bank draft in favor of the Exchange equivalent to the appeal processing fee together with the appeal application.

(d) The appeal application must contain the grounds along with supporting documentary evidences where applicable, clearly indicating the relief to be sought. The supporting documentary evidence may include any new evidence that

was not produced at the time of initial hearing or there is any fact or evidence which was ignored or overlooked in the initial enforcement order.

(e) The presence of Chief Executive Officer of Listed Company is encouraged in the hearing proceeding. In case of his/her unavailability due to unavoidable circumstances, he may authorize any Senior Management Officer, well conversant with the case to appear for the hearing with proof of such authorization. The official(s) of the Listed Company may appear at the hearing together with the consultant.

5.21A.4. An appeal filed pursuant to above decisions, shall be heard and decided within forty-five (45) days of its filing. However, if such appeal is not decided within this prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay along with the required time extension shall be communicated in writing to the Board.

5.21A.5. No appeal shall be entertained against the decisions of the Appellant Committee.

5.22. REVERSE MERGER REGULATIONS:

5.22.1. The following clauses shall be applicable on the Listed Company in relation to Reverse Merger transactions, for ensuring timely disclosure of information and compliance with all applicable requirements of this Chapter.

5.22.2. Every Listed Company, in order to enable the Exchange to determine its status as Listed Shell Company and assess applicability of the provisions prescribed in relation to Reverse Merger, shall intimate the Exchange immediately upon approval by its board of directors to consider the proposal received from Operating Unlisted Company for merger. The Listed Company shall also obtain from the Operating Unlisted Company and submit to the Exchange, confirmation that the Operating Unlisted Company has received the approval by the board of directors of the Listed Company to initiate merger negotiations with the Operating Unlisted Company.

5.22.3. The Exchange may require the Listed Company to provide any additional information as deemed appropriate, for determining the proposed transaction as a Reverse Merger. The Exchange shall communicate in writing, within a maximum period of 15 days from the date of receipt of such intimation, if the proposed transaction is a Reverse Merger or otherwise. In case the Exchange confirms that the proposed transaction is a Reverse Merger, the Listed Shell Company shall ensure compliance with all applicable requirements as provided for herein below.

5.22.4. The Listed Shell Company shall submit to the Exchange the information / documents as mentioned in Annexure-II to this Chapter and give an undertaking on non-judicial stamp paper confirming that the proposed Surviving Company shall fulfill the following conditions:

(a) The minimum paid-up capital shall not be less than Rs. 200 million;

(b) The minimum Free Float shall be as under:

SHARE CAPITAL OF SURVIVING ENTITY	% OF FREE FLOAT (TO BE ENSURED FROM THE DATE OF APPROVAL OF THE SCHEME OF ARRANGEMENT BY THE COMPETENT AUTHORITY)
Up to PKR 2.5 billion	At-least 10% of the issued share capital. *Provided that the company shall be required to subsequently enhance the Free Float to 25% within next 3 years.*
Above PKR 2.5 billion and up to PKR 5 billion	At-least 10% of the issued share capital. *Provided that the company shall be required to subsequently enhance the Free Float to 15% within next 3 years.*
Above PKR 5 billion and up to PKR 10 billion	At-least 10% of the issued share capital.
Above PKR 10 billion	At-least 5% of the issued share capital.

(c) The Promoters/ Sponsors/ Controlling Directors / Majority Shareholders are / were not also the Promoters/ Sponsors/ Controlling Directors / Majority Shareholders in a:
   i. Listed Company, which is in the Defaulters' Segment; or
   ii. Listed Company, which was delisted due to noncompliance of any applicable provision of these Regulations within the past five years; or
   iii. Corporate Brokerage House whose TRE Certificate has been cancelled/forfeited by the Exchange or any other stock exchange of Pakistan that existed prior to integration of stock exchanges pursuant to Integration Order number 01/2016 dated January 11, 2016 issued by the Commission; or declared defaulter by the Exchange or any other stock exchange of Pakistan that existed prior to January 11, 2016, NCCPL, or CDC due to noncompliance of any applicable rules, regulations, notices, procedures, guidelines etc. but shall not include any TRE Certificate surrendered voluntarily to the Exchange, if such TRE Certificate Holder does not have any pending investor claims.

(d) It is not an associated company or a wholly owned company of any other Listed Company, which is in the Non-Compliant Segment or Winding-up Segment or trading in its shares is suspended due to violation/non-compliance of laws.

(e) There are no overdue loan/ payments to any financial institution against the CEO/ Promoters/ Sponsors/ Directors/ Major Shareholders of the Surviving Company either in their individual capacity or as CEO, Director, Partner or Owner in any Company, Firm or Sole Proprietorship;

(f) There are no overdue loans or payments to any financial institution, the Exchange, NCCPL or CDC against the Operating Unlisted Company, its associated or group companies and undertakings;

(g) None of its Sponsors, Major Shareholders, Directors and Management, Associated Company or undertaking has been declared to have been involved in any fraudulent activity by the Commission, SBP or any other investigation agency or a court;

(h) None of the Sponsors, Major Shareholders, Directors and Management, Associated Company or undertaking of the Listed Shell Company has been declared involved in any fraudulent activity by the Commission, SBP or any other investigation agency or court;

(i) The shares of sponsors shall be inducted into CDS in freeze status for a period of not less than one year and the sponsors shall not be allowed to sell their shares during this period;

(j) The sponsors shall retain at all times not less than twenty-five percent of the issued paid up capital for a period not less than three years;

(k) The shares shall be credited into the respective CDS accounts and documentary evidence in relation thereto shall be furnished to the Exchange.

(l) It shall ensure compliance with all requirements of these Regulations.

Provided that the condition (d) shall not apply to directors nominated by the Government or by Financial Institutions as creditors.

Provided further that the condition (f) may be relaxed if the Operating Unlisted Company obtains NOC from the concerned institution in respect of any overdue loan or payment.

5.22.5. The Listed Shell Company shall obtain confirmation from the Exchange that it has complied with the requirements of this Clause and any other condition specified by the Exchange before seeking the shareholders' approval for a scheme of Reverse Merger.

5.22.6. If a Listed Shell Company enters into a scheme of Reverse Merger without complying with any requirement(s) of this Clause and any other specified condition, the Exchange shall place such Company or the Surviving Company, as the case may be, in the Non-Compliant Segment and/or initiate any other actions including suspension of trading in its shares or delisting as determined by the Exchange.

5.22.7. Where the Exchange is satisfied that it is not practicable to comply with any requirement pertaining to Reverse Merger as provided in these Regulations, in a particular case or class of cases, the Exchange may, for reasons to be recorded, relax such requirement subject to such condition(s) as it may deem fit.

5.23. DISSEMINATION OF INFORMATION RELATING TO STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019:

The Exchange shall disseminate on its website information relating to statement of compliance of Listed Companies with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and auditor’s review report thereon, as reported by their auditor in annual report, for the information of public.

5.24. POWER TO OBTAIN DOCUMENTS:

The Exchange may, by issuing a notice in writing, require a Listed Company/management company, trustee, or its directors, officers, employees or advisers to produce any documents/information (whether in documentary or electronic form) for investigating into a matter of possible breach of any relevant provision of these Regulations.

ANNEXURE - I

DOCUMENTS TO BE UPLOADED ALONG WITH LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded by the applicant company or by the Consultant/ Lead manager, through PRIDE:

1. An application for Listing on Form I.
2. Undertakings on Form-II and Form-III.
3. Certificate of incorporation.
4. Conversion certificate from private to public company; if applicable.
5. Certificate for change of name of the company, if applicable.
6. Resolution passed by the Board of Directors and members of the company with respect to listing and issue of shares to the general public.
7. License, consent, approval, NOC etc. from the concerned regulatory authority for undertaking / carrying on the business.
8. Memorandum and Articles of Association of the company.
9. Certificate of registration of Modaraba Management Company, if required.
10. Authorization for flotation of Modaraba by the Registrar of Modarabas.
11. Prospectus.
12. Audited accounts of the company for the last two years or for a shorter period in case the company is in existence for a shorter period, as applicable.
13. Last page of the full prospectus and abridged prospectus, if any, duly signed by every person who is named therein as director of the issuing company. Signatures of the directors must be witnessed by the company secretary.
    In case of offer for sale of shares, last page of the full prospectus and abridged prospectus if any signed by every Offeror or the persons authorized in writing by the Offerors.
14. No Objection Certificates from the Underwriter(s) to the Issue/Offer, if any, on Form-IV.
15. Letter jointly signed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the company confirming that they have reviewed the contents of the draft prospectus/offer for sale document and to the best of their knowledge and belief these have been stated/disclosed correctly and fairly.
16. An undertaking on non- judicial stamp paper by the CEO and CFO of the Issuer on the format given in Section-1 (Inside Cover Page) of First Schedule of the Public Offering Regulations duly certified by the oath commissioner.
17. Undertaking by the Company on non-judicial stamp paper regarding details of restrictions placed by any regulatory body, lender, stakeholder, on distribution of profits, transfer of securities, pledging of assets, issuance of corporate guarantee etc. duly certified by the oath commissioner.
18. Undertaking from the Sponsors of the Issuer on non-Judicial stamp paper that IPO proceeds shall be utilized as per the purpose disclosed in the prospectus duly certified by the oath commissioner.
19. Declaration from the Issuer about the loan amounting to Rs. 500,000 or more written-off by a financial institution during last five years as per Form V.
20. Affidavit from the company affirming, under oath, that the company, has no overdue payment to any financial institution.
21. Affidavit from company's sponsors/promoters, directors, and major shareholders affirming, under oath, that they have no overdue payment to any financial institution. (Specimen attached as Form VI).
22. Application/Declaration of CDS eligibility.
23. Material contracts and agreements relating to the public issue/offer of shares and project, if any.
24. A statement containing particulars, dates of and parties to all material contracts, agreements (including agreements for technical advice and collaboration), concessions and similar other documents except those entered into in the normal course of the company's business or intended business together with a brief description of the terms of such agreements.
25. Title deeds of land duly attested by a gazetted officer.
26. Consent Letters from the Consultant to the Issue, the Book Runner, where required, the underwriters, if any, the share registrar and ballotter, auditor, expert and legal advisor to the issue, if any.
27. Consent Letter from Bankers to the issue/offer. The letter shall state that:
    i. the Bank has given its consent to act as one of the Bankers to Issue/Offer;
    ii. this consent has not been withdrawn;
    iii. it has no objection on publication of its name in the prospectus/offer for sale document;
    iv. the bank has undertaken that the subscription money shall be kept in a separate bank account and shall not be released to the company/the Offeror without prior written approval of the Exchange and/or until the company is formally listed.
28. Individual consent letters from all directors, CEO, CFO and secretary of the company for publishing their names in their respective capacity in the Prospectus/Offer for sale document.
29. Any other document/material/information as may be required by the Exchange for its own record or for inclusion in the prospectus/offer for sale document.
30. Payment of applicable fee and charges as mentioned in Regulation No. 5.19. in favor of the Exchange.

Notes:

(i) Scanned copies of all the documents shall be certified by the Company Secretary/CEO.
(ii) Such scanned documents relating to regulatory authority as specified by the Exchange shall also be certified from the concerned Company Registration Office or concerned Regulatory Authority.
(iii) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.

FORM I

LISTING APPLICATION

To:
The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Karachi.

Dear Sir/ Madam,

1. We hereby apply for the listing of our _____ on your Stock Exchange.
   (Name of company).

2. Necessary information and documents as required under Annexure-I to Chapter 5 of PSX Regulations are attached herewith.

Yours faithfully,

_____
SIGNATURE & ADDRESS

Cc. to:

The SECP,
ISLAMABAD (as required under Securities Act)

FORM II

UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER

Dated: _____

The Board of Directors
Pakistan Stock Exchange Limited
KARACHI.

UNDERTAKING

We undertake, unconditionally, to abide by the Listing of Companies and Securities Regulations, directions, decisions, notices, guidelines, clarifications and circulars of the Pakistan Stock Exchange Limited, which presently are, or hereinafter may be in force.

We further undertake:

(1) That our shares and securities shall be quoted on the Ready Delivery Contract Market and/or the Futures Counter at the discretion of the Exchange;

(2) That the Exchange shall not be bound by our request to remove the shares or securities from the Ready Delivery Contract Market and/or the Futures Counter;

(3) That the Exchange shall have the right, at any time to place the company/ security in the Defaulters' Segment, suspend trading or remove the said shares or securities for any reason which the Exchange considers sufficient in public interest;

(4) That such provisions in the articles of association of our company or in any declaration or agreement relating to any other security as are or otherwise not deemed by the Exchange to be in conformity with these Regulations shall, upon being called upon by the Exchange, be amended to supersede the articles of association of our company or the nominee relating to the other securities to the extent indicated by the Exchange for purposes of amendment and we shall not raise any objection in relation to a direction by the Exchange for such amendment;

(5) That none of the directors, sponsors and substantial shareholders of the company has been sponsor or substantial shareholder in any company, which:
   (i) is in the Defaulters' Segment;
   (ii) was de-listed by the Exchange due to its non-compliance of any applicable provision of these Regulations; or
   (iii) whose TRE Certificate has been cancelled or forfeited by the Exchange, PMEX or any other registered stock exchange of Pakistan that existed prior to integration of stock exchanges pursuant to Integration Order number 01/2016 dated January 11, 2016 issued by the Commission due to non-compliance of any applicable rules, regulations, notices, procedures, guidelines etc.

(6) That none of the sponsors, substantial shareholders, directors or management of the company as well as the company itself or its associated company/entity have been found guilty of being engaged in any fraudulent activity. The company has made full disclosure regarding any/or all cases in relation to involvement of the person named above in any alleged fraudulent activity which is pending before any Court of Law/Regulatory Body/Investigation Agency in or outside of the country; and

(7) That our company and/or the security may be delisted by the Exchange in the event of non-compliance and breach of this undertaking.

Yours faithfully,
(Signature of Authorized Person)

FORM III

Dated: _____

To:
The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

UNDERTAKING

We, M/s_____ have applied for Listing of our Company on your Exchange. In case our application is approved, we hereby undertake as under:-

(1) That we will issue shares in scripless form in the Central Depository System (CDS) within five (05) working days from the date of close of public subscription.

(2) That shares shall be directly credited through book entry into the respective CDC accounts of the allottees maintained with Central Depository Company of Pakistan Limited (CDC).

_____
MANAGING DIRECTOR/CHIEF EXECUTIVE

FORM IV

The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

Dear Sir/ Madam,

Re: **NO OBJECTION CERTIFICATE**

We the undersigned have entered into an Underwriting Agreement with M/s._____ on_____. The terms of which are as follows:

i)	Total Number of Shares Underwritten	_____
ii)	Face Value	Rs._____ per share
iii)	Premium Value (if any)	Rs._____ per share
iv)	Total Value (Including Premium)	Rs._____ per share
v)	Amount of Underwriting	Rs._____
vi)	Underwriting Commission	_____%
vii)	Take-up Commission	_____%
viii)	The Underwriting Agreement is Valid up to	_____

We further confirm that we have not entered into any buy back or repurchase agreement in respect of the shares underwritten with the sponsors or any other person under the said agreement.

Yours truly,

_____

Name and Designation of the Underwriter

FORM V

Dated:

DECLARATION

We, the undersigned, hereby declare, represent and warrant pursuant to Regulation 5.2.1 (b) of PSX Regulations:

(1) that Company complies with the governing laws and regulations of the Exchange; and

(2) that all of the permissions, authorizations and licenses required for carrying out the business activities of our Company and all of the certificates which we are liable to hold pursuant to the laws and regulations applicable on our Company are existing;

(3) that there does not exist any material legal disputes which may affect the production and activities of our Company; and

(4) that loan amounting to Rs. 500,000 or more written-off by a financial institution during last five years was Rs…….

_____ Authorised Signatories

_____ Authorised Signatories

FORM VI

Dated: _____

AFFIDAVIT

We hereby affirm under the oath that _____, the Company, its directors, sponsors/promoters and major shareholders have no overdue payment to any financial institutions.

_____
Authorised Signatories

_____
Authorised Signatories

ANNEXURE - II

DOCUMENTS TO BE UPLOADED ON PRIDE PURSUANT TO REVERSE MERGER

The following documents and information shall be uploaded by the Listed Shell Company through PRIDE:

A. PRE SHAREHOLDER APPROVAL:

A Listed Shell Company, prior to seeking shareholders' approval to a scheme of Reverse Merger, shall upload through PRIDE all the relevant information including but not limited to the following:

(i) Resolutions along with the draft Scheme of Reverse Merger approved by the Board of Directors of Listed Shell Company and the Operating Unlisted Company;
(ii) Complete report of Valuation of both the Listed Shell Company and the Operating Unlisted Company by an independent firm of practicing chartered accountants having satisfactory Quality Control Review awarded by the Institute of Chartered Accountants of Pakistan and Swap Ratio duly verified by the said Auditor;
(iii) Corporate profile of both the Listed Shell Company and the Operating Unlisted Company;
(iv) Name and profile of each member of the Board of Directors of Listed Shell Company and the Operating Unlisted Company;
(v) Detail of directorships of the directors of both the Listed Shell Company and the Operating Unlisted Company in other companies;
(vi) Pattern of shareholding of both the Listed Shell Company and the Operating Unlisted Company;
(vii) Complete group structure including subsidiaries and associates, if any, of the Listed Shell Company and the Operating Unlisted Company;
(viii) Business plan of the proposed Surviving Company including its financial projections for at least five years;
(ix) Name and profile of each member of the Board of Directors of the proposed Surviving Company;
(x) List of Promoters / Sponsors / Controlling Directors of the proposed Surviving Company;
(xi) Proposed capital structure of the proposed Surviving Company;
(xii) Profile of key management employees including relevance of their experience for running the Surviving Company;
(xiii) Financial statements of at least preceding 2 years including financial highlights along with key financial ratios of both the Listed Shell Company and the Operating Unlisted Company duly audited by a QCR rated audit firm;
(xiv) Scheme of Reverse Merger to be placed for Shareholders' approval;
(xv) Due diligence of the transaction conducted by an independent financial institution, audit firm, law firm, company registered with the Pakistan Engineering Council as consultant and whose name appears as a valuer on the panel of Pakistan Banks Association companies, other company whose name appears as a valuer on the panel of Pakistan Banks Association, and company registered with the Commission as a valuer, or any other expert having relevant expertise and experience;
(xvi) Affidavit, under oath, that the CEO/Promoters/ Sponsors/ Directors/ Major Shareholders of the Surviving Company, either in their individual capacity or as CEO, Director, Partner or Owner in any Company / Firm / Sole Proprietorship, have no overdue payment to any financial institution;
(xvii) Affidavit, under oath, that the proposed Surviving Company, its associated/ group companies and undertakings have no overdue loan/payment to any financial institution;
(xviii) All risk factors associated with the proposed Surviving Company, its management, operations, industry it belongs to, capital market, law and order situation etc.
(xix) Any other document/ information as may be required by the Exchange

B. POST SHAREHOLDER APPROVAL:

A Listed Shell Company, after seeking shareholders' approval to a scheme of Reverse Merger, shall upload through PRIDE the following documents / information:

(i) Certified true copy of resolution adopted by the shareholders along with copy of Scheme of Reverse Merger approved by the shareholders;
(ii) Certified true copy of Order of the Commission / Court / any other competent authority, sanctioning the Scheme of Reverse Merger;
(iii) Certified true copy of Form-3 i.e. Return of Allotment as filed with the Registrar of Companies;
(iv) Auditor's Certificate confirming any required increase in the paid-up capital of the Surviving Company;
(v) Payment of additional listing fee on the increase in paid-up capital of the Surviving Company;
(vi) Any other document/ material information as may be required by the Exchange.

Notes:
(i) All material, price sensitive information by the Listed Shell Company shall also have to be uploaded on PUCARS.
(ii) Scanned copies of all the documents shall be certified by the Company Secretary/CEO.
(iii) Such scanned documents relating to regulatory authority as specified by the Exchange shall also be certified from the concerned Company Registration Office or concerned Regulatory Authority.
(iv) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.

Chapter 5A: REGULATIONS GOVERNING LISTING AND TRADING OF EQUITY SECURITIES ON GROWTH ENTERPRISE MARKET

5A.1. DEFINITIONS:

5A.1.1. In this chapter, unless the subject or context otherwise requires:

(a) "Accredited Investor" includes:
  (i) Institutional investors; and
  (ii) Accredited individual investors registered with NCCPL having:
    i) assets of at least PKR 5 million; including but not limited to value of securities held in respective CDC investor account or sub account; or
    ii) any other criteria or threshold as may be specified by the Exchange.

(b) "Advisor to the Issue" means anyone of the following person that shall assist the Issuer in raising funds for the GEM:
  (i) Consultant to the Issue Licensed by the Commission;
  (ii) Securities Broker Licensed by the Commission;
  (iii) Scheduled Bank; and
  (iv) Accounting and Auditing Firm (Recognized by ICAP or ICMAP).

(c) "Book Runner" means the same as defined in the Public Offering Regulations, 2017;

(d) "Designated Institution" means an institution as defined in the Public Offering Regulations, 2017;

(e) "Floor Price" in case of book building means the minimum price per share set by the Issuer;

(f) "Growth Companies (GC)" means any company meeting the eligibility criteria for listing at GEM;

(g) "Growth Enterprise Market (GEM)" means the board other than the ready board developed by the Exchange for listing and trading of equity securities of GC;

(h) "Information Memorandum" means a document inviting the Accredited Investors for subscription or purchase of equity securities offered by the issuer though GEM;

(i) "Institutional Investors" includes the following:
  (i) A Financial Institution;
  (ii) A Company as defined in the Companies Act;
  (iii) An insurance company established under the Insurance Ordinance, 2000;
  (iv) A trust established under relevant Trust Act applicable in Pakistan;
  (v) A Securities Broker;
  (vi) A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
  (vii) A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005;
  (viii) A private fund established under Private Fund Regulations, 2015;
  (ix) Any employee's fund established for benefit of employees;
  (x) Any other fund established under any special enactment;
  (xi) A foreign company or any other foreign legal person; and
  (xii) Any other entity as specified by the Commission.

(j) "Issue" means offer of equity securities to the Accredited Investors by an Issuer;

(k) "Issue Size" means the total number of equity securities offered to the Accredited Investors;

(l) "Issuer" for the purpose of these regulations means a Company who has issued or proposes to issue equity securities and includes an Offeror;

(m) "Market Maker" has the same meaning of Designated Market Maker as defined in chapter 2 of these Regulations;

(n) "Market Making" means the continuous tender of two-way quotes by a Market Maker i.e. Bid Price and Offer Price for the purchase and sale of the equity securities of GC;

(o) "Offer Price" means the price per share at which share are offered to the Accredited Investors in case of Fixed Price method;

(p) "Offeror" means any person or entity holding, directly or indirectly, such number of equity securities as prescribed in these Regulations and offers such securities for sale to the Accredited Investors and includes an Issuer; and

(q) "Price Band" in case of Book Building means Floor Price with an upper limit of 40% above the Floor Price, allowing Bidder to make Bid at Floor Price or within the Price Band.

5A.1.2. Words and expressions used but not defined in these Regulations shall have the same meanings as are assigned to them in the Companies Act, 2017 or Securities Act, 2015 or Public Offering Regulations, 2017.

5A.2. ELIGIBILITY CRITERIA FOR LISTING ON GEM:

Eligibility criteria for listing on GEM includes the following:

(a) It is a public limited company;

(b) The Issuer must have audited accounts for the last two preceding financial years;
Provided that this condition shall not apply in case of green field project;

(c) The Issuer shall have post issue paid up capital of at least Rs. 25 million;

(d) The Issuer shall offer at least 10% of the post issue paid-up capital of the Company to Accredited Investor by circulation of Information Memorandum;

(e) The issuer shall offer the equity securities either through fixed price method or book building method;
Provided that in case of fixed price method the issue size shall be fully underwritten.

(f) In case of Book Building, the issue size shall not be less than 5 million shares and Rs. 50 million;

(g) Book building shall be conducted in accordance with the criteria prescribed by the Exchange in Annexure-II of this Chapter. In case of any ambiguity relating to book building method, procedure/criteria prescribed under Public Offering Regulations, 2017 shall prevail;
(h) The minimum number of subscribers shall not be less than 10;
(i) The issuer must have its own active/ functional website for disseminating the following information:
  (i) Business activities of the Issuer;
  (ii) Details regarding Board of Directors;
  (iii) Past Financial performance;
  (iv) Management details;
  (v) Capital structure;
  (vi) Shareholding details;
  (vii) Name of group and associated Companies; and
  (viii) Half yearly progress providing the status of the commitment mentioned in the Information Memorandum. etc.
(j) The equity securities shall be issued only in Book-Entry form;
(k) The promoters/ sponsors/ controlling directors are not also promoters/ sponsors/ controlling directors in other listed companies, which are in default of any Listing Regulation of the Exchange. None of its promoters, sponsors, or controlling directors is sponsor/ controlling director of a company which was delisted during last three years due to non-compliance with any of the Listing Regulations. However, this will not apply to nominee directors of the Government and Financial Institutions. The company shall also provide a list of Controlling Directors;
(l) The Issuer is not an associated company of any other listed company (over which it has control), which has violated the Listing Regulations of the Exchange and is still in default of any Listing Regulation. However, this will not apply to nominee directors of the Government and Financial Institutions;
(m) its Chief Executive has not served or is not serving as Chief Executive of a listed company which has significantly violated and/or failed to comply with any provision of Chapter 5 relating to “Listing of Companies and Securities Regulations” during his tenure as the Chief Executive;
(n) the Issuer, its sponsors, promoters, substantial shareholders and directors have no over dues or defaults, irrespective of the amount, appearing in the report obtained from the Credit Information Bureau. This will not apply to the directors nominated by the Federal Government or any Provincial Government and the Financial Institutions.
(o) its sponsors hold not less than 25% of the post issue paid up capital of the Issuer for a lock-in period of not less than three years;
(p) its sponsors retain their entire shareholding in the Issuer and subsequent right and bonus shares issued thereon for a lock-in period of not less than twelve months;
(q) For the purpose of clause (o) and (p) above, the lock-in periods shall start from the date of listing of the Issuer or from the date of commencement of commercial operation or production whichever is later, or till such additional period as may be specified by the Exchange; and
(r) Subject to clauses (o) and (p) above, and with the approval of the exchange, the sponsors may sell their shareholding through block-sale and shall notify to the Commission change in particulars of their shareholdings in the form and manner as specified in section 103 of the Securities Act, 2015 and regulations made thereunder.

5A.3. ISSUE OF EQUITY SECURITIES AT PREMIUM:

An Issuer may issue equity securities at premium to the par value. Justification for the premium shall be disclosed in the Information Memorandum. Moreover, justification for issuing shares at par shall also be disclosed in the Information Memorandum.

5A.4. OFFER FOR SALE OF EQUITY SECURITIES BY THE OFFEROR:

5A.4.1. A person or group of persons, holding more than ten per cent equity securities of a company listed on GEM, may offer such equity securities for sale to the Accredited Investors subject to the conditions that the offer size of capital shall not be less than fifty million rupees.

Explanation: For the purpose of this clause, the term, “offer size” means the product of the offer price [or floor price] and the number of shares being offered.

5A.4.2. In case of offer for sale of equity securities of an unlisted company, the size of the offer of capital shall be in accordance with these Regulations.

Provided that offer for sale of equity by the existing shareholders of a company is not allowed in case of green field project.

5A.5. LISTING PROCEDURE:

5A.5.1. An Issuer that fulfils the eligibility criteria specified in clause 5A.2. may apply for listing of its equity securities on the GEM by making an application to the Exchange under section 19 of the Securities Act, 2015 on Form-I attached to this chapter accompanied with such information and documents as mentioned at Annexure-I to Form-I along with payment of initial listing fee as prescribed under this chapter.

5A.5.2. The Exchange may reject a listing application, at its sole discretion if it deems that listing of the Issuer is not in the interest of the market or the Issuer does not meet any of the eligibility criteria prescribed above.
Provided that the Issuer shall be given an opportunity of hearing by the Exchange before the listing application is rejected.

5A.6. CONTENTS OF INFORMATION MEMORANDUM:

5A.6.1. The Information Memorandum, to be circulated to Accredited Investors for issuance/ offer of equity securities of the Issuer, shall contain at least such information as provided in Schedule-I of this chapter. This Schedule is meant as a guideline for all Advisors to the Issue and the Exchange shall not be responsible for ensuring its compliance.

5A.6.2. The Issuer and Board of Director of the Issuer shall be responsible for the accuracy of the content of the Information Memorandum.

5A.6.3. The Information Memorandum shall be signed by every director and CEO of the Issuer and shall be duly witnessed. Provided that in case of offer for sale, the Information Memorandum shall also be signed by every Offeror or the persons authorized in writing by the Offerors.

5A.6.4. The Issuer shall place the Information Memorandum on its own website and ensure that the Information Memorandum is also placed on the websites of the Exchange and the Advisor to the Issue.

5A.6.5. The Issuer shall not use the Information Memorandum as a document inviting the general public for subscription of equity securities and shall include a statement to this effect on the cover page of the Information Memorandum.

5A.6.6. The Exchange shall be granting approval after ensuring that the Issuer has complied with the eligibility criteria / requirement of the Regulations.

5A.7. APPOINTMENT AND DUTIES OF ADVISOR TO THE ISSUE:

The Issuer shall appoint an Advisor to the Issue through an agreement in writing, till the date of its formal listing on the GEM. The Advisor to the Issue shall perform the following duties:

(a) Draft Information Memorandum in consultation with the Issuer;
(b) Conduct road shows and pitch the issue to the Accredited Investors; and
(c) Submit listing application to the Exchange on behalf of the Issuer.

5A.8. APPOINTMENT AND FUNCTIONS OF MARKET MAKERS:

If deem appropriate and required, the Issuer may appoint a Market Maker, through an agreement in writing for market making of respective equity security.

Chapter 12 of these Regulations shall apply to the matters relating to appointment and functions of Market Makers in GEM.

5A.9. TRADING OF SECURITIES ON EXCHANGE, RISK MANAGEMENT AND ALLIED MATTERS:

5A.9.1. TRADING:

Any Securities Broker can trade on the GEM either on its own account or on account of its clients through the Trading System.

5A.9.2. MINIMUM ORDER SIZE:

The minimum order size for trading in equity securities shall be notified from time to time by NCCPL.

5A.9.3. MINIMUM FREE FLOAT:

The Issuer shall maintain at all times the minimum Free Float of 10% of its post issue paid up capital.

5A.9.4. CLEARING AND SETTLEMENT:

Clearing and settlement of the transactions executed at the GEM shall be done under T+2 settlement system through the NCCPL.

5A.10. APPLICABILITY OF THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019:

The applicability of the Listed Companies (Code of Corporate Governance) Regulations, 2019 on the companies listed on GEM shall be as approved by the Commission.

5A.11. APPLICABILITY OF SUBSTANTIAL ACQUISITION LAWS:

Any person who, directly or indirectly, intends to acquire voting shares of a Company listed on GEM, shall be subject to compliance with the provisions of the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

5A.12. AUDITED FINANCIAL STATEMENTS AND INFORMATION REQUIREMENT:

5A.12.1. The Issuer shall prepare its periodic financial statements as per the Companies Act, 2017 and shall get the same audited as per the Companies Act, 2017.

5A.12.2. The Issuer shall place its periodic financial statements on its website.

5A.12.3. The Issuer shall also immediately notify the Exchange about the placement of such information on its website.

5A.12.4. The Issuer shall submit half yearly progress report providing status of the commitment mentioned in the Information Memorandum, to the exchange for public dissemination.

5A.12.5. The Issuer shall place its half yearly progress report on its website.

5A.12.6. The Issuer shall have its financial statements audited by a QCR rated Chartered Accountant Firm.

5A.13. REPORTING AND DISCLOSURE BY ISSUER:

An Issuer listed under this Chapter shall be required to disseminate the following information:

***(a) DISCLOSURE OF PRICE SENSITIVE INFORMATION*:**

Every Issuer shall communicate to the Exchange any non-public material information about the Issuer such as all decisions of its Board of Directors relating to cash dividend, bonus issue, right issue or any other entitlement or corporate action, change of management, significant change in its financial condition, sphere of activity and current and expected business performance or any other price-sensitive non-public information which if made public will likely cause a substantial change in the market price of its equity securities. Such information must be notified without delay to the Exchange according to the procedure laid down in the Exchange's Correspondence Manual.

***(b) DISCLOSURE OF RELATED PARTY TRANSACTIONS*:**

Every Issuer shall communicate to the Exchange all related party transaction, without delay as soon as the terms of a transaction with a related party are agreed, according to the procedure laid down in the Exchange's Correspondence Manual. Such information should include the following:

(i) Nature of the transaction and amount involved;
(ii) Name of the related party(ies) and the nature and extent of their interest in the transactions;
(iii) Effect of the transaction on the Issuer;
(iv) Any other information necessary to enable Investors to evaluate the effect of the transaction on the Issuer; and
(v) A statement that the directors, excluding those who are involved in the transaction as a related party, consider that the terms of the transaction are fair and reasonable in so far as its shareholders are concerned.

***(c) REPORTING OF REGULATORY COMPLIANCE*:**

The Chief Executive Officer/ Managing Director of the Issuer shall:

(i) be responsible for ensuring compliance by the Issuer with all the requirements of these Regulations and all other applicable rules, regulations, notices, guidelines, orders and the directives issued by the Commission or the Exchange from time to time;
(ii) report status of the compliance mentioned in sub-clause (i) above to the Board of Directors of the Issuer and the Exchange within 15 days from the end of each half year; and
(iii) act with due skills, diligence and care at all times.

***(d) DISCLOSURE OF MISCELLANEOUS INFORMATION*:**

An Issuer shall notify, without delay, to the Exchange the information relating to:

(i) any change in its accounting reference date;
(ii) any change in its registered address;
(iii) the resignation, dismissal or appointment of any director giving the date of such occurrences; and
(iv) any other information in such form and within such timeframe as may be required by the Exchange.

5A.14. SUSPENSION, RESTORATION OF TRADING, DELISTING AND VOLUNTARY DELISTING FROM GEM:

Suspension of trading in securities, restoration of trading in securities, and delisting of Growth Companies from GEM shall be governed in accordance with the relevant provisions laid down in Chapter 5 of these Regulations. However, Voluntary delisting shall be dealt in accordance with the procedure prescribed by the Exchange.

5A.15. DISCIPLINARY ACTIONS:

If the Exchange considers that the Issuer has contravened any of the provisions of this chapter, it may take one or more of the following measures:
(a) Censure the Issuer;
(b) Impose a fine on the Issuer or the promoters, sponsors, directors and/ or CEO of the Issuer;
(c) Publicly disclose the fact that the Issuer has been fined or censured;
(d) Disclose the names of the directors and CEO of the Issuer through its website;
(e) Place the Issuer in the Non-Compliant Segment; or
(f) Suspend trading in the shares of the Issuer.

5A.16. EXIT FROM THE GEM:

A GC may be excluded from the GEM Board in the following events:
(a) Voluntary de-listing;
(b) Compulsory de-listing; or
(c) Migration from GEM to the Exchange's Main Board.

5A.17. MIGRATION FROM GEM TO THE MAIN BOARD:

The Issuer may migrate from GEM to the Main Board after fulfilling the criteria prescribed by the Exchange. However, reverse migration from the Main Board to the GEM shall not be allowed.

5A.18. The Companies listed on GEM shall be at par with the companies listed on the Main Board in all matters except the voluntary delisting procedure/ process.

5A.19. INITIAL AND ANNUAL LISTING FEE:

5A.19.1. An Issuer applying for listing of its equity securities under this chapter shall be required to pay an initial listing fee equivalent to 0.05% of its post issue paid-up capital subject to a maximum of Rs. 50,000/-.

5A.19.2. Whenever the Issuer increases its paid-up capital, it shall be required to pay to the Exchange an additional listing fee equivalent to 0.05% of increase in the paid-up capital subject to a maximum of Rs. 50,000/-.

5A.19.3. The Issuer shall pay an annual listing fee for each subsequent financial year of the Exchange, commencing from 1st July and ending on 30th June, which shall be payable by or before the 30th September in each calendar year, as per the following schedule:

S. #	Issuer having Paid-Up Capital	Amount of fee
(i)	Upto Rs. 50 million	Rs.50,000/-
(ii)	Above Rs. 50 Mn & upto Rs.100 million	Rs.100,000/-
(iii)	Above Rs.100 million	Rs.200,000/-

Provided that the Exchange may relax/revise the above fees or any of the slabs or add new slabs as it may deem appropriate.

Provided further that every Issuer applying for listing shall pay annual listing fee for the entire financial year of the Exchange along with listing application irrespective of the date of its listing during the financial year.

5A.20. RELAXATION:

Where the Exchange is satisfied that it is not practicable to comply with any listing requirement(s) of this Chapter in a particular case or class of cases, the Exchange may, for reasons to be recorded, relax such requirement(s) subject to such conditions as it may deem fit. The Exchange shall also intimate the Commission in writing regarding any such relaxation.

5A.21. REPEAL:

The regulations governing listing and trading of equity securities of Small and Medium Enterprises (SMEs) are hereby repealed.

FORM I

LISTING APPLICATION

To:

The Secretary,

Pakistan Stock Exchange Limited,

Karachi.

Dear Sir,

1. We hereby apply for the listing of our (Name of the Growth Company) _____ on your Stock Exchange.

2. Necessary information and documents as required under Annexure-I to Chapter 5A of PSX Regulation are attached herewith.

Yours faithfully,

_____

SIGNATURE & ADDRESS

c.c. to:

The Securities & Exchange Commission of Pakistan
ISLAMABAD - as required under Sub-Section (1) of Section 19 of the Securities Act, 2015.

Annexure-I

DOCUMENTS TO BE UPLOADED ALONG WITH LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded by the Growth Company or by Advisor to the Issue through PRIDE:

1. An application for listing of Form-I.
2. Memorandum and Articles of Association containing copy of the certificate of incorporation.
3. Resolution passed by the Board of Directors of the Growth Company with respect to issue and listing of the shares.
4. Information Memorandum and audited annual accounts of the Growth Company for the last 2 years or for a shorter period, if two years of the commencement of business are not completed.
5. A statement containing particulars, dates and parties to all material contracts, agreements (including agreements for technical advice and collaboration), concessions and similar other documents except those entered into in the normal course of the company's business or intended business together with a brief description of the terms of such agreements.
6. Auditors' Certificates on the Growth Company's:
   i. latest balance sheet;
   ii. two years income statement containing EPS as well;
   iii. paid up capital; and
   iv. the break-up value per share on the basis of latest audited accounts.
7. A statement showing cash dividends and bonuses paid (if any) during the last 2 years or such shorter period as the company may have been in existence.
8. Application submitted to the CDC for declaration of the share of the Growth Company as an eligible security for its CDS.
9. An undertaking on the format as prescribed in Form-II.
10. Payment of initial listing fee and annual listing fee as prescribed under the Regulations.
11. Any other document or information required by the Exchange.

Notes:

(i) Scanned copies of all the documents shall be certified by the Company Secretary/CEO.
(ii) Such scanned documents relating to regulatory authority as specified by the Exchange shall also be certified from the concerned Company Registration Office or concerned Regulatory Authority.
(ii) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.

Annexure-II

CRITERIA FOR ISSUE/OFFER OF SHARES THROUGH BOOK BUILDING

Book Building for the purpose of these regulations shall be conducted amongst the Accredited Investors subject to the following conditions:

i. The issue size is not less than 5 million shares and 50 million Rupees.
ii. The bid size for each initial subscriber shall be Rs. 100,000.
iii. Book building is a mechanism of price discovery of equity securities through Bidders who make Bids at Floor Price or within the Price Band. Bids received are listed in descending order of price evidencing demand at different price levels at Floor Price or within the Price Band. A Strike Price is arrived at through Dutch Auction Method.
iv. Dutch Auction method means the method through which the price is determined by arranging all the bid price in descending order along with the number of shares and the cumulative number of shares bid for at each bid price. The strike price is determined by lowering the bid price to the extent that the total number of shares offered under the Book Building portion is subscribed.
v. The Book Runner shall be appointed to perform the function of Book Building.
vi. Book runner may also act as Advisor to the Issue.

BOOK BUILDING PROCEDURE:

i. The Issuer shall decide the Floor Price and the Price Band.
Provided that the upper limit of the price band should not be more than 40% of the Floor Price.
ii. The Issuer shall provide the justification of the floor price and the price band in the Information Memorandum.
iii. The Issuer shall place copy of the Information Memorandum before the start of the book building on its website and the websites of the Book Runner, the Designated Institution, advisor to the Issue, and the Securities Exchange.
iv. The Registration of the bidders shall start at least 2 working days before the start of the bidding period and shall remain open till 03:00 pm on the last date of the bidding period.
v. The Book Runner shall establish bid collection centers.
vi. The Book Runner shall provide a mechanism for registration of the bidders at the bid collection centers.
vii. The Book Runner shall make all necessary arrangements for receiving bids and the instruments evidencing payment of the bid money.
viii. The Book Runner shall put in place a mechanism to enter details including the maximum Bid amount of the Bidders into the System.
ix. Once details of the bidders are entered into the System, the Designated Institution shall assign and communicate password and user ID to the bidders enabling them to directly place the bid and revise the bid upward only, if required.
x. The bidding shall remain open for at least one working day.
xi. The Book Building process shall be considered as cancelled if the Issuer does not receive bids for the number of shares allocated under the Book Building Portion.
xii. The Book Building process shall be considered as cancelled if the total number of bids received is less than forty.

PROCEDURE FOR BIDDING:

i. A bid by an Accredited Investor can be a “Limit Bid” or a “Step Bid”.
ii. Limit Bid: Limit bid is at the Limit Price, which is the maximum price an investor is willing to pay for a specified number of shares.
Step Bid means a series of Limit Bids at increasing prices provided that bid amount of any step is not less than Rs. 100,000.
iii. The book runner shall vet the bid applications and accept bid applications only from Accredited investors duly supported by a crossed cheque or demand draft or pay order.
iv. The Book Runner shall collect full amount of the bid money as margin money in respect of bids placed by the Accredited Investors.
v. On receipt of bid application, the Book Runner shall enter the Bid into the System and issue to the bidder an electronic receipt bearing name of the book runner, name of the bidding center, date and time.
vi. The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. on all days of the Bidding Period. The bids shall be collected and entered into the system by the Book-Runner till 05:00 p.m. on the last day of the bidding period.
vii. The bidders can revise the bids upward till 05:00 p.m. on the last day of the Bidding Period;
viii. The Book Runner may reject any bid application for reasons to be recorded in writing provided the reason of rejection is disclosed to such bidder. Decision of the Book Runner shall not be challengeable by the bidder.
ix. The Designated Institution shall through the System display live throughout the bidding period an order book in descending order showing demand for shares at various prices and the accumulated number of shares bid for along with percentage of the total shares offered. The order book should also show the revised bids. The order book shall be accessible through websites of the Designated Institution, Book Runner, Advisor to the Issue, securities exchange.
x. At the close of the bidding period, Strike Price shall be determined on the basis of Dutch Auction Method by the Designated Institution.
xi. The bidders who have made bids at prices above the Strike Price shall be allotted shares at the Strike Price.
xii. In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares shall be allotted against the bids made at the Strike Price on proportionate basis.

xiii. The successful bidders shall be issued securities in the form of book-entry to be credited in their CDS account. All the bidders shall, therefore, provide number of their CDS account in the bid application.

RESTRICTION ON BIDDERS:

The bidder shall not –

i. make bid below the Floor Price and above the upper limit of the Price Band;
ii. make bid for more than 20% of the shares allocated under the Book Building Portion;
iii. subject to the provision of clause (i) above, make bid with price variation of more than 10% of the prevailing indicative strike price or such other percentage as may be specified by the Commission;
iv. make consolidated bid;
v. make more than one bid either severally or jointly;
vi. make downward revision both in terms of Bid Price and Bid Volume;
Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same; or
vii. withdraw the Bid.

RESPONSIBILITY OF THE BOOK RUNNER:

The Book Runner to the Issue shall be responsible to:

i. ensure that necessary infrastructure and electronic system is available to accept bids and to undertake the whole Book Building in a fair, efficient and transparent manner.
ii. use the software provided by the Designated Institution for the Book Building on such terms and conditions as may be agreed through an agreement in writing.
iii. ensure that the software used for Book Building is based on Dutch Auction Method for display of the order book and determination of the strike price.
iv. ensure that the bidders can access to the System and can revise their bids electronically using the user ID and the password.
v. maintain record of all the bids received.
vi. the Book Runner has established bid collection centers.

Schedule-I

CONTENTS OF INFORMATION MEMORANDUM

NOTE: THIS IS A GUIDELINE FOR ADVISORS TO THE ISSUE. THE EXCHANGE SHALL BE NOT BE RESPONSIBLE FOR MONITORING COMPLIANCE WITH SCHEDULE I

The Information Memorandum (IM) prepared with respect to issue of shares for listing under this Chapter shall contain at least the following information/disclosures:

On cover page, the following shall be disclosed:

a) A disclaimer in bold letters stating that, "This is not a prospectus for issue of shares to the general public, but a document prepared for the purpose of offering shares only to Accredited Investors. This IM has not been approved by the Securities & Exchange Commission of Pakistan (the Commission) or the Pakistan Stock Exchange Limited (the Exchange)";
b) Advise for Investors:
The GEM is designed primarily for Growth Companies. Growth Companies are comparatively exposed to higher investment risk including liquidity risk as compared to the companies listed at the main Board of the Exchange. The prospective investor should, therefore, be aware of the risk of investing in such companies and should make the decision to invest only after careful diligence of the issue and consideration. It is advisable to consult any independent investment advisor before making investment in equity of the Issuer;
c) A statement in bold letters stating that, "The Issuer & Board of Directors of … (Name of the Issuer) … accepts responsibility for accuracy of the information contained in this document";
d) Name of the Issuer;
e) Address of the Issuer;
f) Date of incorporation;
g) Information regarding website address of the issuer;
h) Name of group and associated Companies;
i) Capital Structure of the Issuer/ Name of Sponsors and Major shareholders along with shareholding;
j) Name of Chairman, directors, Chief executive and top management of the Issuer;
k) Profile of the management of the Issuer including all the members of the Board of Director, the Chief Financial Officer and the Company Secretary;
l) Details about the Issuer;
    i) Introduction;
    ii) Principal business of the issuer;
    iii) Type of share capital issued and voting rights;
    iv) Company operating segment;
    v) Company market share;
    vi) Basic information about the industry the issuer belongs to, key players in the industry, basic raw material used by the issuer, if any, and list of supplier thereof, main clients of the issuer, and main competitors of the issuer;
    vii) Risk(s) faced by the Issuer;
    viii) Past financial performance - past financial highlights of the issuer including key financial ratios like debt/equity ratio (pre & post issue), current ratio, return on equity, return on assets, earning per share, Break-up value per shares (pre & post issue) etc. in tabular form;
    ix) Details of the financial facilities obtained by the Issuer and major covenants
    x) Name of creditors along with contact details;
m) Profit distribution policy;
n) Pending litigations and contingent liabilities;
o) Purpose of raising the funding, utilization of proceeds and future prospectus;
p) In case the proceeds of the Issue are to be utilized for project financing, detail of such project like project cost & means of financing (i.e. Financial Plan), project implementation schedule, latest status of the implementation of the project, expected date of completion of the project, expected date of trial & commercial production etc.;
q) Projected 3 years financials, along with a disclaimer that the actual financial performance of the Company may vary as a result of changing macro – economic conditions, and other factors;
r) Salient features of the Issue like issue size, face value of share, offer price, Floor Price, etc.;
s) Justification for premium / par;
t) Rights of the shareholders like right to vote, dividend etc.;
u) Summary of all the material contracts relating to the Issue and the project, if any;
v) Subscription dates in case of fixed price method;
w) Bidding dates in case of book building method;
x) Procedure for book building method including instructions for registration and bidding;
y) Procedure for fixed price method;
z) Procedure for allotment of shares.

FORM II

UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER

Date: _____

The Board of Directors,

Pakistan Stock Exchange Limited,

Karachi.

U N D E R T A K I N G

We undertake, unconditionally, to abide by the Regulation(s) of the Pakistan Stock Exchange Limited applicable to the company which presently are, or hereinafter may be in force.

We further undertake:

1. That our shares shall be quoted on the _____ at the discretion of the Exchange;

2. That the Exchange shall not be bound by our request to remove shares from the _____;

3. That the Exchange shall have the right, at any time to place the company/ security in the Defaulters' Segment, suspend trading or remove the said share for any reason which the Exchange consider sufficient in the interest of the market;

4. That such provisions in the Articles of Association of our company or in any declaration or agreement relating to any other security as are or otherwise not deemed by the Exchange to be in conformity with the Listing of Companies and Securities Regulations of the Exchange shall, upon being called upon by the Exchange, be amended to supersede the Articles of Association of our company or the nominee relating to the other securities to the extent indicated by the Exchange for purposes of amendment and we shall not raise any objection in relation to a direction by the Exchange for such amendment; and

5. That our company and/or the share may be delisted by the Exchange in the event of non-compliance and breach of this undertaking.

Yours sincerely,

_____

SIGNATURE OF AUTHORIZED PERSON

Chapter 5B: LISTING OF DEBT SECURITIES REGULATIONS

5B.1. APPLICABILITY OF REGULATIONS:

5B.1.1. All the provisions provided in the Public Offering Regulations, 2017 and Chapter 5 of these Regulations, presently in force or as amended from time to time, shall be applicable unless otherwise provided in this chapter.

5B.1.2. The provisions of this Chapter shall not apply to the matters relating to Government Debt Securities (GDS) Market Regulations as provided in chapter 6 (Government Debt Securities (GDS) Market Regulations) of these Regulations.

5B.2. DEFINITIONS:

5B.2.1. In this chapter, unless the subject or context otherwise requires:

(a) "Companies Act", means the Companies Act, 2017 (XIX of 2017);
(b) "Debt Security" shall mean any instrument creating or acknowledging indebtedness which is issued or proposed to be issued by an Issuer including, in particular, debentures, debenture stock, loan stock, bonds, notes, commercial paper, sukuk or any other debt security of an Issuer, whether constituting a charge on the assets of the issuer or not;
(c) "Debt Securities Trustee" shall mean a person as defined in the Structuring of Debt Securities Regulations, 2020;
(d) "GoP", means the Government of Pakistan;
(e) "Information Memorandum" for the purpose of this chapter shall mean a document outlining the salient features, risks and terms of Debt Securities circulated to pre-IPO Investors to assess demand for the Debt Securities and to enable the prospective Investors to make an informed investment decision;
(f) "Public Offering Regulations", shall mean the Public Offering Regulations, 2017 notified by the Commission and amended from time to time;
(g) "Securities Act", means the Securities Act, 2015 (Act No. III of 2015);
(h) "Short Term" shall mean a period of one or less than one (1) year;

5B.2.2. Words and expressions used but not defined in these Regulations shall have the same meaning as are assigned to them in the Companies Act, Securities Act and Public Offering Regulations and in case of any inconsistency between the provisions of Public Offering Regulations and PSX Regulations, Public Offering Regulations shall prevail.

5B.3. ELIGIBILITY FOR LISTING:

5B.3.1. Any Issuer may apply for listing of its Debt Securities offered to the General Public under this chapter provided it fulfills the following criteria:

(a) it has commenced commercial operations;
(b) it is allowed by the Commission to issue, circulate and publish prospectus for issue of such Debt Security;
(c) its paid up capital is not less than Rs. 200 million and the total issue size including pre-IPO placement if any, is not less than Rs. 200 million;
(d) for long term debt security (instruments with tenor exceeding one year), the instrument rating is not less than BBB+ and in case of short-term debt security the instrument rating is not less than A2;

Provided that in case of short-term debt securities the condition of instrument rating may be waived, if the issuer has obtained entity rating and such rating is not less than "A-" (long term)/ "A2" (short term) and not more than six months old.
Provided further that this condition shall not apply to Debt Securities backed by debt servicing guarantee from the GoP;

(e) any of its Securities is not on the Non-Compliant Segment or Winding-up Segment of the Exchange, in case of Issuer, if it is already listed.

5B.3.2. The Exchange shall not entertain listing application of an Issuer:

(a) Until the Issuer/Consultant to the Issue has completed all necessary requirements of the Exchange and the Public Offering Regulations, 2017.
(b) Where the Issuer, its sponsors/promoters, substantial shareholders and directors have overdues or defaults, irrespective of the amount, appearing in the report obtained from the credit information bureau.
(c) The Issuer, or its directors, sponsors, or substantial shareholders have been holding the office of directors, or have been sponsors or substantial shareholders in any company:
    (i) Which has been placed in the Non-Compliant Segment or Winding-up Segment by the Securities Exchange; or
    (ii) Whose TRE Certificate has been cancelled or forfeited by the Securities Exchange; or
    (iii) Which has been delisted by a securities exchange due to non-compliance of its regulations.

Provided that Commission may grant relaxation upon reasons to be recorded, and rectification of cause leading to such delisting.

5B.4. CONDITIONS FOR LISTING OF DEBT SECURITIES:

The Issuer that intends to list any of its Debt Securities on the Exchange shall comply with the following conditions:

5B.4.1. Minimum allocation of a debt security to the General Public excluding the Pre-IPO investors shall be as under:

(a) in case issue size is up to Rs. 500 million, the allocation of debt security to the General Public shall not be less than Rs. 100 million or 25% of the issue size, whichever is higher;
(b) in case issue size is above Rs. 500 million and up to Rs. 2 billion, the allocation of debt security to the General Public shall not be less than Rs. 125 million or 15% of the issue size, whichever is higher;
(c) in case issue size is above Rs. 2 billion and up to Rs. 10 billion, the allocation of debt security to the General Public shall not be less than Rs. 300 million or 10% of the issue size, whichever is higher;
(d) in case issue size is above Rs. 10 billion, the allocation of debt security to the General Public shall not be less than Rs. 1,000 million or 5% of the issue size, whichever is higher.

The Exchange, while keeping in view appetite for the Debt Securities being offered, may change the above allocation in any manner it may deem fit.

5B.4.2. The Issuer shall appoint a Debt Securities Trustee and continue such appointment until the Debt Security is fully redeemed.

5B.4.3. The Company Secretary or any other officer of the Issuer shall be designated as Compliance Officer who shall perform such functions as mentioned in regulation 5B.12.

5B.4.4. The Issuer, before publication of prospectus, shall obtain CDC's notice with respect to declaration of its Debt Security as CDS eligible Security.

5B.4.5. The Debt Securities shall be issued only in Book-Entry form.

5B.4.6. All Debt Securities other than Debt Securities backed by debt servicing guarantee from the GoP, shall be rated by a credit rating company registered with the Commission. The credit rating report of the entity and the instrument, where applicable, shall be prepared on the basis of the Issuer's latest audited accounts or on the basis of the Issuer's reviewed accounts if the audited accounts are older than six months.

5B.4.7. In case of secured Debt Security, the Issuer shall give an undertaking in the prospectus to the effect that the assets on which charge has been created are free from any encumbrances and if the charged assets are already charged to secure any other debt, consent of the creditors having charge on the charged assets has been obtained.

5B.4.8. The Issuer shall make available to the Exchange and to the bankers to the issue for distribution printed copies of the prospectus and application forms in the quantity to be determined by the Exchange and the bankers to the issue and the distribution agent, if any. The Issuer shall also accept applications on identical forms.

5B.4.9. The sponsors and directors of the Issuer shall not participate in subscription of Debt Securities offered to the General Public.

5B.4.10. In case there is any allocation of Debt Securities, out of the pre-IPO placement, if any, to the associated companies or associated undertakings of the Issuer, such allocation shall not in aggregate exceed 25% of the total issue;

5B.4.11. The prospectus with the application form shall be published by the Issuer in at least one widely circulated English and Urdu daily newspaper each at Karachi, Lahore and Islamabad or as the Exchange may in addition require, at least seven (7) days in advance but not more than thirty (30) days before the date of the opening of the subscription list.

5B.4.12. The prospectus and application form shall be placed on the website of the Issuer and the Consultant to the Issue.

5B.4.13. Allocation of a Debt Security, out of the pre-IPO placement, if any, to any single investor shall not exceed 25% of the total issue.

5B.4.14. The Issuer shall inform the Exchange, in writing, of the subscription received under the hand of an authorized person with certificate(s) from the bankers to the issue, within five (05) working days of the closing of subscription.

5B.4.15. The Debt Securities shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/ refunded within such time period as prescribed in the Public Offering Regulations, 2017.

5B.4.16. The Issuer shall ensure completion of the relevant requirements of formal listing of the Debt Security within five (05) working days of the close of public subscription period or such shorter period of time as may be specified by the Commission from time to time.

5B.4.17. The Issuer shall, within five (05) working days of closing of subscription list, pay brokerage to the TRE Certificate Holders of the Exchange at a rate not more than one per cent of the value of the Debt Securities actually sold through them.

5B.4.18. Any Issuer which makes a default in complying with the requirements of regulations 5B.4.16., and 5B.4.17., shall pay to the Exchange a penalty of Rs. 5,000/- (Rupees five thousand only) for every day during which the default continues. The name of Debt security may be notified to the TRE Certificate Holders of the Exchange and placed on the website of the Exchange.

5B.4.19. In case the Debt Security is not listed on the Exchange or the listing is refused by the Exchange, for any reason, whatsoever, the Issuer shall forthwith pay without surcharge all moneys received from the applicants in pursuance of the prospectus, and if any such money is not repaid within eight days after the Issuer becomes liable to repay it, the directors of the Issuer shall be, jointly and severally, liable to repay that money from the expiration of eight day together with surcharge at the rate of two percent (2%) for every month or part thereof from the expiration of the eight day.

5B.4.20. An Issuer may issue Debt Securities which are convertible or exchangeable into ordinary shares provided such ordinary shares are listed on any recognized stock exchange.

5B.5. PROCEDURE FOR LISTING OF DEBT SECURITIES UNDER THIS CHAPTER:

For listing of Debt Securities under this chapter the following procedure shall be followed:

5B.5.1. The Issuer shall make an application on Form-I to the Exchange along with the documents/information as mentioned in Annexure-I. A copy of the complete application shall be submitted to the Commission for its record.

5B.5.2. The Issuer shall pay an initial and annual listing fee of such amount as mentioned in regulation 5B.9.

5B.5.3. The Exchange may require such additional evidence, declarations, affirmations, information or other forms to be filled up as it may consider necessary. The Exchange shall accept a listing application of an Issuer when it is deemed complete, i.e. when the Issuer has completed all necessary requirements of the Exchange.

5B.5.4. The Exchange shall complete its approval process for listing of a Debt Security within 12 working days from the date of complete submission of all required documentation and any other additional documentation as required by the Exchange or the Commission.

Provided that in case of approval of Debt Security backed by debt servicing guarantee from the GoP, the approval process shall be completed within 10 working days from the date of complete submission of all required documentation and any other additional documentation as required by the Exchange.

5B.5.5. The Exchange may reject any application, made under this chapter, at its sole discretion if it deems that listing of the Debt Securities is not in the interest of the market, the Issuer does not meet the minimum eligibility criteria set out in this chapter or the Issuer is in contravention of these Regulations.

Provided that, the Issuer shall be given an opportunity of hearing by the Exchange before the listing application is rejected.

5B.6. ISSUE OF DEBT SECURITIES:

5B.6.1. Issue of Debt Securities to the General Public by the Issuer shall be made through a prospectus which shall be issued, circulated and published after approval by the Exchange and the Commission as required under the Securities Act and Public Offering Regulations. The prospectus shall contain such information, material and disclosures as required under the Securities Act, the Companies Act and the Public Offering Regulations; and

5B.6.2. The Issuer shall also comply with the guidelines for listing of Debt Securities as laid down by the Exchange and/or Commission from time to time.

5B.6.3. The audited accounts to be incorporated in the prospectus shall not be older than 8 months from the date of publication of the prospectus. The prospectus shall contain all disclosures mentioned in the Public Offering Regulations.

Provided that in case of initial public offering of Debt Securities, Listed Companies are allowed to publish the Prospectus based on audited accounts older than eight months, subject to the condition that they are compliant with the requirements related to annual and quarterly accounts as specified under the Companies Act.

5B.7. CONTENTS OF INFORMATION MEMORANDUM:

5B.7.1. The Information Memorandum, if any, to be circulated to pre-IPO investors for offer of Debt Securities shall contain at least such information as provided in Annexure-II to this chapter.

5B.7.2. Information Memorandum shall be a private document and shall be circulated only to pre-IPO investors. Information Memorandum shall not be used as a document inviting the General Public or a class of the General Public for subscription of Debt Securities and shall include a statement to this effect.

5B.8. POST LISTING REQUIREMENTS:

5B.8.1. Payment of markup, profit, interest or rent, as the case may be, and repayment of principal amount to Debt Security holders shall be credited in their respective bank accounts electronically.

5B.8.2. The instrument rating shall be reviewed annually based on the latest audited accounts by the credit rating agency registered with the Commission and revision in the rating shall be intimated promptly by the Issuer to the Exchange and the Debt Securities Trustee.

5B.8.3. The Issuer shall provide access to the Debt Securities Trustee to the books of accounts and record relating to the Debt Security.

5B.8.4. The Issuer shall submit to the Exchange and the Debt Securities Trustee minutes of the meeting of Debt Security holders within fourteen days of the date of such meeting.

5B.8.5. The Issuer shall maintain a register of Debt Security holders and inform the Exchange and the Debt Securities Trustee of the address where the register is kept.

5B.8.6. The Issuer shall provide to the Exchange and Debt Securities Trustee the following documents and information:

(i) A statement regarding the payment of markup, profit, interest or rent, as the case may be, on Debt Securities and redemption of the principal amount, on semi-annual basis till complete redemption of such Debt Security;

(ii) Copy of its latest audited annual, half-yearly and quarterly accounts as and when finalized along with key financial ratios. The key financial ratios must include at least the debt/equity ratio, current ratio, return on equity, return on assets, earning per share, debt service coverage ratio;
(iii) Copy of any notice, circular, resolution, letter etc. including notice for meeting of the Debt Security holders, letter/circular issued to the Debt Security holders in connection with the Debt Security and resolution relating to new issue of Debt Securities by the Issuer;
(iv) Certificate from its auditors regarding maintenance of 100% security cover in respect of the Debt Security, if it is secured. The certificate should be submitted on annual basis along with submission of the annual accounts;
(v) Certificate from its auditors regarding maintenance of redemption reserve, where required on annual basis.

5B.8.7. The Issuer shall in addition to the documents/information mentioned above, submit to the Exchange the following information, documents and reports:

(a) Decision of the Board of Directors of the Issuer regarding prepayment of any debt obligation, if any;
(b) any delay or default in payment of profit or mark up or interest, or rent and principal amount on any other debt obligation and reasons thereof;
(c) the date, at least five working days in advance, of the meetings of its Board of Directors at which recommendation or declaration of issue of any Debt Security or any other matter affecting the rights or interests of holders of the Debt Security is proposed to be taken up;
(d) change, if any, of the Debt Security Trustee on same day;
(e) change, if any, subject to the provisions of the prospectus and the Trust Deed, in the nature and features of the Debt Security or in the rights or privileges of its holders as and when occurred;
(f) change, if any, in its accounting policies;
(g) change, if any, in the credit rating of the Issuer;
(h) change, if any, in its management and address of its registered office;
(i) change, if any, that may have effect on the rights and privileges of the Debt Security holders;
(j) change, if any, in the nature of business of the Issuer due to any reason;
(k) prohibitory order, if any, restraining the Issuer from transferring the Debt Security from the name of any Debt Security holder;
(l) any transaction whether related party or otherwise that adversely affects the interest of the Debt Security holders;
(m) any action against or by the Issuer which will result in the redemption, conversion, cancellation, retirement in whole or in part of the Debt Security;
(n) any action against or by the Issuer that would adversely affect payment of principal amount and profit/mark up/interest/rent on the Debt Security;
(o) any other information that is not in the public domain but necessary to be known to the holders of Debt Security to enable them to avoid creation of a false market in the Debt Security; and
(p) any other information/documents as required by the Exchange.

5B.8.8. The Issuer, till complete redemption of the Debt Security, shall ensure that:

(a) The unclaimed profit, mark-up, interest or rent, if any, is not forfeited and is kept under a separate head of account namely, “Unclaimed Profit, Mark-up, Interest or rent”;
(b) Proper book closure is announced for the purpose of payment of profit, mark-up, interest or rent, redemption of the principal amount, meeting of the Debt Security holders or for such other purposes as the Exchange may deem fit; and
(c) No modification has been made in the features of the Debt Security like in its term, coupon rate, conversion; redemption, security etc. by any manner otherwise than that as disclosed in the prospectus and the Trust Deed.

5B.8.9. Upon request, copies of its annual audited accounts and quarterly accounts are provided to the Debt Security holders.

5B.8.10. The Issuer shall provide a minimum of 7 days’ notice to the Exchange prior to closure of Security Transfer Register, for any purpose, not exceeding 30 days in a year in the whole.

5B.8.11. No Issuer shall exercise any lien whatsoever on listed Debt Securities and nor shall there be any restriction on their transfer.

5B.8.12. In case the Issuer fails to pay its repayment obligations including interest, mark-up, profit or rent, as the case may, on the due date, it shall promptly inform the Exchange of such a default and call a meeting of the Debt Securities holders within 15 days of the due date to explain the reasons for default. Senior level representation from the Issuer, including Chief Executive, shall attend this meeting. The Exchange may notify the fact of such default and the name of the defaulting company by notice and also by publication of the same in the Daily Quotations of the Exchange.

5B.8.13. Save as provided in the Trust Deed, the Issuer shall not make any change in the charged assets i.e. the assets backing the Debt Security.

5B.9. PAYMENT OF LISTING FEE:

The Issuer shall pay to the Exchange initial listing fee and annual listing fee at the rate as mentioned below:

(i) An initial listing fee equivalent to 0.075% of the total issue size of the Debt Security subject to a maximum of PKR 3 million.
(ii) An annual listing fee equivalent to 0.075% of the total issue size of the Debt Security subject to a minimum of PKR 100,000 and maximum of PKR 1 million shall be payable in respect of each financial year of the Exchange, commencing from 1st July and ending on 30th June next, before the 30th September in each calendar year.

(iii) Provided that clause (i) shall not be applicable on issuance by State Owned Enterprise; wholly or partially owned Government entities (irrespective of whether these entities and SOEs hold Government guarantees or not).
(iv) Provided that 25% discount shall be allowed in terms of annual listing fee to the issuance by State Owned Enterprise; wholly or partially owned Government entities (irrespective of whether these entities and SOEs hold Government guarantees or not).
(v) The Exchange with prior written approval of the Commission may revise the above mentioned initial and annual listing fees.

5B.10. FUNCTIONS OF A DEBT SECURITIES TRUSTEE:

The Debt Securities Trustee shall be responsible to perform such functions and duties as prescribed in the Structuring of Debt Securities Regulations, 2020.

5B.11. DELETED

5B.12. FUNCTIONS OF THE COMPLIANCE OFFICER:

5B.12.1. The compliance officer shall be responsible for ensuring compliance by the Issuer with all the requirements of this chapter and the directives issued, if any, by the Exchange.

5B.12.2. The compliance officer shall report status of the compliance mentioned in regulation 5B.12.1 above at every meeting of the Board of Directors of the Issuer till complete redemption of the issue; and

5B.12.3. The compliance officer shall also report status of the compliance, mentioned in regulation 5B.12.1. above, directly to the Exchange and the Debt Securities Trustee.

5B.13. TRADING:

5B.13.1. The Debt Securities shall be traded through the Trading System.

5B.13.2. Trading in Debt Securities listed under this chapter shall commence one trading day after the date of their formal listing.

5B.14. SUSPENSION OF TRADING:

The Exchange may suspend trading in any Debt Security where:

(a) the integrity and reputation of the market has been or may be impaired by dealings in the Debt Security;
(b) it considers that the Issuer has failed to comply with any provision of these Regulations including post listing requirements as provided under regulation 5B.8 or if payment of profit, mark-up, interest, rent or redemption of principal amount is delayed; or
(c) the protection of investors so requires.

5B.15. DISCIPLINARY ACTIONS:

If the Exchange considers that the Issuer of any listed Debt Securities has defaulted or contravened any provision of this chapter, it may take any or all of the following measures:

5B.15.1. It may impose a fine on the Issuer not exceeding Rs. 100,000 for each default or contravention, and, in case of continuing default, failure, refusal or contravention, to a further fine not exceeding Rs. 10,000/- (Rupees ten thousand only) for every day after the first day during which such contravention continues.

Provided that no such fine shall be imposed unless an opportunity of hearing has been granted;

5B.15.2. Issue a warning or censure;

5B.15.3. Publish the fact that the Issuer has been fined, or warned or censured; and/or

5B.15.4. It may place the Debt Security in the Non-Compliant Segment and may suspend its trading if payment of profit, rent, markup, interest or redemption of principal amount is delayed.

5B.16. RELAXATION:

Where the Exchange is satisfied that it is not practicable to comply with any listing requirement(s) of this Chapter in a particular case or class of cases, or is necessary for development of debt capital market, the Exchange may, for reasons to be recorded, relax such requirement(s) subject to such conditions as it may deem fit. The Exchange shall also intimate the Commission in writing regarding any such relaxation within three working days of granting the same.

FORM I

LISTING APPLICATION

[This shall be on the Letterhead of the Issuer]

Dated: _____

The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Karachi.

Dear Sir/Madam,

1. We hereby apply for listing of (Name of the Debt Security) of (Name of the Company) on your Stock Exchange under Section 19 of the Securities Act read with 5B.5.1. of these Regulations.

2. Necessary documents/information as required under Annexure-I to Chapter 5B of PSX Regulations are attached herewith.

[Name, designation and signature of the CEO, CFO or the Company Secretary duly authorized by the Board of Directors of the Company by way of resolution to make an application on behalf of the Company.]

Copy for information to:
The Securities and Exchange Commission of Pakistan, Islamabad.

Annexure-I

DOCUMENTS TO BE UPLOADED ALONG WITH THE LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded for listing of debt securities by the Issuer itself or by Consultant/ Lead manager through PRIDE:

(i) Listing application on Form I.
(ii) An unconditional undertaking on non-judicial stamp paper (certified by the oath commissioner) by the Issuer on the format as given at Form-II.
(iii) In case of an Issuer whose equity shares are not listed on the Exchange, following documents shall be provided:
  i. Certificate of incorporation.
  ii. Conversion certificate from private to public company; if applicable.
  iii. Certificate for change of name of the company, if applicable.
  iv. Memorandum and Articles of Association of the company.
  v. Audited accounts of the company, both in hard and soft form, for the last two years or for a shorter period in case the company is in existence for a shorter period.
(iv) Resolution passed by the Board of Directors of the Issuer approving issuance of the Debt Securities to the General Public and submission of application to the Exchange for listing.
(v) License, consent, approval, NOC etc. from the concerned regulatory authority for undertaking / carrying on the business.
(vi) Prospectus.
(vii) Last page of the full prospectus and abridged prospectus, if any, duly signed by every person who is named therein as director of the issuing company. Signatures of the directors must be witnessed by the company secretary.
(viii) An undertaking on non-judicial stamp paper by the CEO and CFO of the Issuer on the format given in Section-1 (Inside Cover Page) of First Schedule of the Public Offering Regulations duly certified by the oath commissioner.
(ix) Affidavit from the company affirming, under oath, that the company, has no overdue payment to any financial institution.
(x) Affidavit from company, its sponsors/promoters, directors, and major shareholders affirming, under oath, that they have no overdue payment to any financial institution.
(xi) In case of secured Debt Security, an undertaking on non-judicial stamp paper (certified by the oath commissioner) by the Issuer stating that appropriate and sufficient security has been created in favour of the Debt Securities Trustee Trustee/ Investment Agent, that the assets on which charge has been created in favour of the Debt Securities Trustee Trustee/ Investment Agent are free from any encumbrances and that permission/NOC/consent of the existing creditors who have charge on such assets has been obtained for creation of charge on these assets in favour of the Debt Securities Trustee Trustee/ Investment Agent.
(xii) In case a part of the issue is allocated to pre-IPO investors, an undertaking on non-judicial stamp paper (certified by the oath commissioner) by the Company stating that pre-IPO investors shall subscribe to the Debt Security prior to the commencement of the public subscription, and that it shall provide a certificate from its auditors testifying receipt of the subscription money from all the pre-IPO investors prior to requesting the dates for publication of Prospectus/public subscription.
(xiii) Power of attorney in favour of the Consultant to the Issue.
(xiv) Trust Deed or Issuance Agreement as per the Structuring of Debt Securities Regulations, 2020 executed between the Issuer and the Debt Securities Trustee/ Investment Agent.
(xv) Security documents along with detail of charged assets, in case of secured debt issue.
(xvi) Shariah Pronouncement Letter, where applicable.
(xvii) Credit rating reports from any credit rating company licensed by the Commission, where applicable.
(xviii) Information Memorandum, if any, prepared for circulation among the pre-IPO investors.
(xix) Underwriting agreement(s).
(xx) No Objection Certificate(s) from the underwriter(s) for publication of their name(s) in the prospectus and confirmation of non-execution of any buy-back/repurchase agreement(s) with the sponsors and/or with any other person(s).
(xxi) Application to CDC or CDC notice with respect to declaration of its Debt Security as CDS eligible security.
(xxii) Consent Letters from the Consultant to the Issue, Bankers to the Issue, Underwriter, Debt Securities Trustee/ Investment Agent, Shariah advisor, if required, the share registrar and ballotter, auditor, expert and legal advisor to the issue, if any.
(xxiii) Undertaking from the Bankers to the Issue, confirming that the subscription money shall be kept in a separate bank account, which shall not be released to the Issuer without prior written approval of the Exchange and /or until the Debt Security is formally listed.
(xxiv) Material contracts related to the Debt Security issue.
(xxv) Payment of non-refundable initial & annual listing fee, as mentioned in this chapter, in favour of the Exchange.
(xxvi) Any other documents/material contract and such other particulars as may be required by the Exchange.

Notes:
(i) Scanned copies of all the documents shall be certified by the Company Secretary/CEO.
(ii) Such scanned documents relating to regulatory authority as specified by the Exchange shall also be certified from the concerned Company Registration Office or concerned Regulatory Authority.
(ii) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.

Annexure-II

CONTENTS OF INFORMATION MEMORANDUM

[Regulation 5B.7.1]

NOTE: This is a Guideline for Consultant to the Issue. The Exchange shall not be responsible for monitoring compliance with Annexure II.

The Information Memorandum, if any, prepared for circulation to pre-IPO investors shall contain at least the following information/disclosures:

(i) On cover page the following shall be disclosed:
- A. a disclaimer in bold letters stating that, "This is not a prospectus for issue of securities to the general public but a document prepared for the purpose of offering the Debt Security only to pre-IPO investors. This Information Memorandum has not been approved by the Securities & Exchange Commission of Pakistan (the Commission) or the Pakistan Stock Exchange Limited (the Exchange)";
- B. a statement in bold letters stating that, "The Board of Directors of … (Name of the Company) … accepts responsibility for accuracy of the information contained in this document"; and
- C. name of the Issuer, name of the entity preparing the Information Memorandum and date of the Information Memorandum.

(ii) Table of contents, glossary of technical terms and acronyms, executive summary by the entity preparing the Information Memorandum, purpose of preparation of the Information Memorandum and their scope of work;

(iii) Information about the Issuer like its name, date of its incorporation, registration number, addresses of its registered & head offices, date of its listing, if applicable, name of the stock exchange where it is listed, if applicable, its sponsors and major shareholders, associated companies/ undertakings etc.;

(iv) Latest pattern of shareholding of the Issuer;

(v) Names of the directors of the Issuer and their directorships in other companies;

(vi) Profile of the management of the Issuer including all the members of the Board of Directors except directors nominated by the government or the creditors;

(vii) Organization structure of the Issuer and its principal business;

(viii) Future outlook/business strategy of the Issuer;

(ix) Highlights of major restructuring, if any, like merger, demerger, amalgamation, acquisition, reorganization, financial restructuring etc.;

(x) Three years financial highlights (or for a shorter period if 3 years of commencement of business are not completed) relating to cash flows and financial & operating position of the Issuer including key financial ratios like debt/equity ratio (pre & post issue), current ratio, return on equity, Earning Before Interest, Tax, Depreciation and Amortization (EBITDA), return on assets, earning per share; debt service coverage ratio, interest service coverage ratio etc. in tabular form;

(xi) Salient features of the Issue and the Debt Security like issue size, tenure, rate of mark-up/ return/interest, nature of the instrument whether it is secured or unsecured, redeemable or perpetual, convertible or non-convertible, options like put option, call option/early redemption option, partial call option etc.;

(xii) Redemption schedule;

(xiii) Detail of the redemption reserve, if any;

(xiv) Terms and conditions for investment in the Debt Security;

(xv) Purpose of the issue and breakup of the utilization of the proceeds of the Issue;

(xvi) In case the proceeds of the Issue are to be utilized for project financing, detail of such project like project cost, & means of financing, project implementation schedule, latest status of the implementation of the project, expected date of completion of the project, expected date of trial and commercial production etc.;

(xvii) In case of issuance of the Debt Security by a Special Purpose Vehicle, detail of the securitization transaction, parties to the transaction and role of each such party, etc.;

(xviii) Complete credit rating report of the entity and the instrument based on the Issuer's latest audited accounts, and duly reviewed if older than six months. In case where the instrument and entity rating is obtained from more than one credit rating agencies, all the ratings, including the unaccepted rating(s), shall be disclosed;

(xix) Detail of security, if applicable, backing the instrument like nature of assets charged, book value of such assets, nature of charge created in favour of the Debt Securities Trustee (i.e. exclusive, parri passu or ranking), nature and amount of the existing charge(s) on the assets, names of the creditors who hold charge on these assets and status of NOC/consent of the existing creditors, creditor-wise and nature-wise break up of total existing debts etc.;

(xx) Name of the Debt Securities Trustee, date of execution of the Trust Deed, authority of the Debt Securities Trustee under the Trust Deed, security enforcement mechanism by the Trustee in case of default by the Issuer;

(xxi) All the risk factors associated with the investment in the Debt Security of the Issuer;

(xxii) Basic information about the industry the Issuer belongs to, key players in the industry, basic raw material used by the Issuer, if any, and list of suppliers thereof, main clients of the Issuer, competitors of the Issuer, etc.;

(xxiii) Summary of all the material contracts relating to the Issue and the project, if any;

(xxiv) Names and contact details of the Issuer's bankers, legal advisors, transfer agent and consultant(s) to the issue;

(xxv) Name(s) and contact details of the persons authorized by the Issuer in respect of offering/issuance of the Debt Security;

(xxvi) The Issuer's credit history towards servicing of existing debts i.e. the mark up and principal amount on existing loans and Debt Securities issued by it paid on time; and

(xxvii) Any loan amounting to PKR 500,000 or more written off by a financial institution during last 5 years.

Please note that the Information Memorandum should not contain any clause which is inconsistent with the terms of the Debt Security and the Trust Deed including its covenants.

Form-III

UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER

UNDERTAKING

The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Karachi.

I, on behalf of … (Name of the Issuer) … duly authorized by its Board of Directors hereby undertake that:

(i) the Company is authorized by its Memorandum of Association to issue the Debt Security;
(ii) the Company shall ensure that the information provided in the documents along-with the application is true, correct and complete in all respect;
(iii) the Company shall provide all the information/documents to the Exchange, Debt Security Trustee and/or the Debt Security holders in the form and manner as required under these Regulations;
(iv) the Company shall, all the time, comply with the requirements of these Regulations;

Dated:

Name and signature of the Authorized Person

Chapter 5C: PRIVATELY PLACED DEBT SECURITIES' LISTING REGULATIONS

5C.1. APPLICABILITY OF REGULATIONS:

5C.1.1. These Regulations shall apply to listing of debt securities issued through private placement under section 66 of the Companies Act.

5C.1.2. The provisions of this chapter shall not apply to the listing of debt securities issued through public offer as provided for in Chapter 5B (Listing of Debt Securities Regulations) and listing of Government Debt Securities as provided for in Chapter 6 [Government Debt Securities (GDS) Market Regulations] of these Regulations.

5C.2. DEFINITIONS:

5C.2.1. In this chapter, unless the subject or context otherwise requires:

(i) "Companies Act", means the Companies Act, 2017 (XIX of 2017).
(ii) "Company", means a public company or a body corporate applying for listing of its Debt Securities under this Chapter.
(iii) "Debt Securities Trustee", means a person as defined in the Structuring of Debt Securities Regulations, 2020.
(iv) "GoP", means the Government of Pakistan.
(v) "Information Memorandum", means a document outlining the salient features, risks and terms of a debt security offered/issued to the QIBs through private placement.
(v.a) "Issuer" shall have the same meaning as defined in Public Offering Regulations, 2017.
(vi) "Qualified Institutional Buyers (QIBs)", for the purpose of this Chapter means the following:
  (a) A Scheduled Bank as defined in the Companies Act;
  (b) A Financial Institution as defined in the Companies Act;
  (c) Any other person notified by the Commission under section 66 of the Companies Act as a person to whom instrument of redeemable capital can be issued.
(vii) "Securities Act", means the Securities Act, 2015 (Act No. III of 2015).
(viii) "Short Term", means the same as assigned to it in Chapter 5B.

5C.2.2. All other words and expressions used but not defined in this Chapter shall have the same meanings as assigned to them in the Companies Act and the Securities Act.

5C.3. ELIGIBILITY CRITERIA FOR LISTING:

A company may apply for listing of its debt securities offered and issued to QIBs through private placement under this Chapter, provided that:

(i) it is authorized by its memorandum of association or other constitutive document to issue the debt security;
(ii) its paid up capital is not less than Rs.25 million;
(iii) the total issue size is not less than Rs.25 million;
(iv) In case of listing/issuance of Privately placed debt security by a Listed Company, the Issuer, or its directors, sponsors, or substantial shareholders should not be holding the office of directors, or be sponsors or substantial shareholders in any company;
  (a) Which had been placed in the Non-Compliant Segment or Winding-up Segment by the Exchange; or
  (b) Whose TRE Certificate has been cancelled or forfeited by the exchange; or
  (c) Which has been delisted by the exchange due to non-compliance of these Regulations.
(v) the Issuer, its sponsors/promoters, substantial shareholders and directors have no overdues or defaults, irrespective of the amount, appearing in the report obtained from the credit information bureau;
  Provided that clause (iv) and (v) shall not apply to nominee directors of the Government and Financial Institutions.
(vi) the debt security is redeemable, if issued under section 66 of the Companies Act.
  [Explanation No. 1: An instrument in the nature of redeemable capital may have the conversion option i.e. the option of conversion into ordinary shares of the issuer.]
  [Explanation No. 2: This clause (vi) shall not apply to an issue of perpetual debenture or any other perpetual debt security.]

5C.4. CONDITIONS FOR LISTING:

A company intending to list its debt securities under this Chapter shall comply with the following conditions:

(i) the company has appointed a Debt Securities Trustee, licensed by the Commission, for a period not less than the tenure of the debt security.
(ii) the Debt Securities Trustee so appointed may retire from its office on appointment of a new Debt Securities Trustee and the retirement shall take effect at the same time as the new Debt Securities Trustee is appointed.

  Provided that the clause (i) shall not apply in case where debt security is issued by the company having instrument rating of A and above or where the debt security is backed by debt servicing guarantee from the GOP.

(iii) the company has appointed Legal Advisor to the Issue, through an agreement in writing.
(iv) in case of secured debt securities, charge has been created on the assets of the company in the form and manner acceptable to the Debt Securities Trustee and 125% security cover is maintained at all times.

(v) the Company Secretary or any other officer of the company is designated as Compliance Officer who shall perform such functions as mentioned in Clause 5C.10.
(vi) the company, before making application for listing of a debt security, has obtained a letter from the CDC declaring the debt security eligible for induction into CDS.
(vii) the debt securities shall be issued only in the Book-Entry Form.
(viii) the company shall obtain International Bank Account Number (IBAN) of each initial subscriber and subsequent purchaser of the debt security for direct credit of profit and repayment of principal amount.
(ix) the company fulfils the relevant requirements of the Private Placement of Securities Rules, 2017.
(x) **Credit Rating:**
  (a) Debt Securities, other than short term Debt Securities and Debt Securities backed by debt servicing guarantee from the GoP, are rated by a credit rating company licensed by the Commission and the instrument rating is not less than BBB+ (triple B plus).
  (b) Short term debt securities are not required to be rated provided the issuer is rated and such rating is not less than BBB (triple B).
  (c) The credit rating report is prepared on the basis of the company's latest audited accounts or latest reviewed accounts, if the audited accounts are older than six months.
  (d) In case where the instrument rating is obtained from more than one credit rating companies, all such ratings shall be disclosed in the Information Memorandum.

5C.5. GENERAL CONDITIONS:

The following conditions, in addition to the above, shall also apply to the debt securities listed under this Chapter:

(i) No advertising material, booklet, flyer, magazine, circular or any other document inviting general public or a class of the general public for subscription of the debt securities shall be published, displayed or run in the print or electronic media or telecasted on radio channels.
(ii) In case of secured debt security, the company shall give an undertaking in the Information Memorandum to the effect that the assets on which charge has been created are free from any encumbrances and if the charged assets are already charged to secure any other debt, consent of the creditors having charge on the charged assets has been obtained.
(iii) Allocation to or subscription by any single QIB shall not exceed twenty percent (20%) of the total issue size.
(iv) Number of initial subscribers of the debt securities shall not be less than five (5).
(v) The company shall ensure credit of the debt securities into the investors' respective CDS accounts within ten (10) days of the approval by the Exchange for listing.
(vi) The debt security shall not be issued to and transferred in the names of persons other than QIBs.

5C.6. LISTING PROCEDURE:

For listing of a debt security, the following procedure shall be followed:

(i) The company shall make the offer of such debt security to QIBs through an Information Memorandum.

Provided that the requirement of Information Memorandum shall not be mandatory in case where the instrument is rated A and above or where the debt security is backed by debt servicing guarantee from the GOP.
(ii) The company, after finalization of the list of subscribers shall make an application to the Exchange on Form-I for listing of its debt security along with the documents and information as mentioned in Annexure-I. I. The Exchange may require such additional information as it may consider necessary.
The Exchange shall accept a listing application of an Issuer when it is deemed complete, i.e. when the Issuer has completed all necessary requirements of the Exchange.
(iii) The Exchange shall complete its approval process for listing of a debt security within 5 working days from the date of complete submission of all required documentation and any other additional documentation as required by the Exchange.
(iv) The company shall pay non-refundable initial and annual listing fee of such amount as mentioned in clause 5C.11.
(v) The Exchange may reject any application for listing of a debt security at its sole discretion if it deems that listing of the debt security is not in the interest of the market, the company does not meet the minimum eligibility criteria set out in this Chapter or the company is in contravention of any provision of this Chapter.
Provided that the company shall be given an opportunity of hearing by the Exchange before the listing application is rejected.

5C.7. CONTENTS OF INFORMATION MEMORANDUM:

(i) The Information Memorandum to be circulated to QIBs for offer of one or more types of debt securities of a company shall contain at least such information as provided in Annexure-II to this Chapter.
(ii) The Information Memorandum shall be a private document and shall be circulated only to QIBs.
(iii) The Information Memorandum shall not be used as a document inviting the general public or a class of the general public for subscription of debt securities and shall include a statement to this effect on its cover page.

5C.8. POST LISTING REQUIREMENTS:

(i) Payment of profit and repayment of principal amount to the debt security holders shall be made through direct credit in their respective IBANs.
(ii) The instrument rating shall be reviewed at least annually based on the latest audited accounts from the credit rating company mentioned in regulation 5C.4.

(iii) The company shall provide access to the Debt Securities Trustee to the books of accounts and record relating to the debt security.
(iv) The company shall submit to the Exchange, the Debt Securities Trustee and the debt security holders minutes of the meetings of the debt security holders within fourteen days of the date of such meetings.
(v) Notwithstanding anything contained in the Structuring of Debt Securities Regulations, 2020 or any other Regulations for the time being in force, the sponsors and associated companies or undertakings of the company shall not vote on any proposal, relating to rescheduling and/or restructuring of the issue, in a meeting of the debt security holders.
(vi) The company shall maintain register of the debt security holders.
(vii) The company, till complete redemption of the debt security, shall ensure that:
  (a) the unclaimed profit, if any, is not forfeited and is kept under a separate head of account namely, "Unclaimed Profit"; and
  (b) no modification has been made in the features of the debt security like in its term, coupon rate, conversion, redemption, security arrangement etc. by any manner otherwise than that as disclosed in the Information Memorandum and the trust deed.
(viii) The company shall, upon request by the debt security holders, provide either weblink or copies of its accounts.
(ix) Save as provided in the Trust Deed, the company shall not:
  (a) make any change in the charged assets i.e. the assets backing the debt security; and
  (b) shall not establish any additional charge thereon.
(x) **Book Closure:**
  (a) Book closure for determination of entitlement for profit, redemption of the principal amount, meeting of the debt security holders or any other corporate action shall be made in such form and manner as specified in the Companies Act.
  (b) The Issuer shall provide a minimum of 7 days' notice to the Exchange prior to closure of Security Transfer Register, for any purpose, not exceeding 30 days in a year in the whole.
(xi) The company shall neither exercise any lien whatsoever on listed debt security nor shall there be any restriction on their transfer.
(xii) **Reporting:**
The company shall report and submit to the Exchange and the Debt Securities Trustee the following information and documents:
  (a) copy, in soft form, of the list of its debt security holders within 30 days of the end of each half year;
  (b) statement regarding the payment of profit on the debt securities and repayment of the principal amount, on semi-annual basis till complete redemption of such debt security;
  (c) copy of its latest audited annual and half-yearly accounts and quarterly accounts, if any;
  (d) copy of the reviewed rating reports highlighting change, if any, in the credit rating and the reason causing the change;
  (e) copy of any notice, letter, circular, resolution, etc. including notice for meeting of the debt security holders issued or published in print media or letter, circular issued to the debt security holders in connection with the debt security or resolution passed or propose to be passed relating to new issue of a debt security by the company;
  (f) the date, at least five working days in advance or any shorter period as may be allowed by the Exchange in exceptional circumstances, of the meetings of its Board of Directors at which issuance of any debt security or any other matter affecting the rights or interests of holders of the debt security is proposed to be approved;
  (g) certificate from its auditors regarding maintenance of one hundred and twenty five percent (125%) security cover in respect of the secured debt security. The certificate should be submitted on annual basis along with submission of the annual accounts;
  (h) certificate from its auditors, on annual basis, regarding maintenance of redemption reserve fund, where required;
  (i) decision of the Board of Directors of the company regarding prepayment of any debt obligation, if any;
  (j) delay or default, if any, in payment of profit and repayment of principal amount on the debt security listed under this Chapter or any other debt obligation and reasons thereof. The Exchange may notify the fact of such default and the name of the defaulting company by notice and also by publication of the same in the daily quotations of the Exchange;
  (k) change, if any, in terms of the provisions of the Information Memorandum and the Trust Deed, in the nature and features of the debt security or in the rights and privileges of its holders as and when occurred;
  (l) any other material information that is necessary to be known to the holders of the debt security to avoid creation of a false market in such debt security;
  (m) change, if any, in the nature of business of the company due to any reason;
  (n) any significant event which may have adverse impact on the company's capacity of redeeming the debt security as per the redemption schedule disclosed in the Information Memorandum;
  (o) change, if any, of the Debt Securities Trustee on the same day;
  (p) change, if any, in its management and address of its registered office, as and when occurred;
  (q) change, if any, that may have effect on the rights and privileges of the debt security holders;
  (r) prohibitory order, if any, restraining the company from transferring the debt security from the name of any debt security holder;
  (s) any transaction whether related party or otherwise that adversely affect interest of the debt security holders;
  (t) any action against or by the company which may result in the redemption, conversion, cancellation, retirement in whole or in part of the debt security;
  (u) any action against or by the company that would adversely affect payment of profit and repayment of the principal amount; and
  (v) any other information or document as may be required by the Exchange.

5C.9. ROLES AND RESPONSIBILITIES OF THE DEBT SECURITIES TRUSTEES:

(i) The Debt Securities Trustee shall be responsible to perform such functions and duties as prescribed in the Structuring of Debt Securities Regulations, 2020.
(ii) The Debt Securities Trustee shall share with the Exchange in time, its correspondence with the company regarding delay in profit payment or repayment of principal amount or the charged assets or any other matter concerning the debt security.

5C.10. ROLES AND RESPONSIBILITIES OF THE COMPLIANCE OFFICER:

(i) The Compliance Officer shall be responsible for ensuring compliance by the company with all the requirements of the agreements executed with the initial subscribers; the Information Memorandum; section 66 of the Companies Act; this Chapter and the directives issued, if any, by the Exchange from time to time and other regulatory requirements applicable on the debt security.
(ii) The Compliance Officer shall report status of the compliance mentioned in sub-clause (i) above at every meeting of the Board of Directors of the company till complete redemption of the issue.
(iii) The Compliance Officer shall also report status of the compliance, mentioned in sub-clause (i) above, directly to the Debt Securities Trustee, within 15 days from the end of each half year.

5C.11. PAYMENT OF LISTING FEES:

A company applying for listing of its debt security under this Chapter shall pay to the Exchange an initial and annual listing fee at the rate as mentioned below:
(i) An initial listing fee equivalent to 0.075% of the total issue size of the debt security subject to a maximum of Rs.1.5 million; and
(ii) An annual listing fee equivalent to 0.075% of the total issue size of the debt security with a floor of Rs. 50,000/- and cap of Rs. 750,000/- shall be payable in respect of each financial year of the Exchange, commencing from 1st July and ending on 30th June next, before the 30th September in each calendar year.
(iii) Provided that clause (i) shall not be applicable on issuance by State Owned Enterprise; wholly or partially owned Government entities (irrespective of whether these entities and SOEs hold Government guarantees or not).
(iv) Provided that 25% discount shall be allowed in terms of annual listing fee to the issuance by State Owned Enterprise; wholly or partially owned Government entities (irrespective of whether these entities and SOEs hold Government guarantees or not).

5C.12. TRADING AND SETTLEMENT OF SECURITIES:

Trading in debt securities listed under this Chapter shall commence one day after the date of their formal listing through the Trading System and settled through NCSS.

5C.13. SUSPENSION OF TRADING:

The Exchange may suspend trading in a debt security where:
(i) Trading in such security is not being conducted in an orderly manner;
(ii) the integrity and reputation of the market has been or may be impaired by dealings in the debt security;
(iii) it considers that the company has failed to comply with any provision of this Chapter; or
(iv) the protection of investors so requires.

5C.14. DISCIPLINARY ACTION:

If the Exchange considers that the company has defaulted or contravened any provision of this Chapter, it may take any one or more of the following measures:
(i) it may impose a fine on the company not exceeding Rs.100,000/- for each default or contravention, and, in case of continuing default, failure, refusal or contravention, a further fine not exceeding Rs.10,000/- for every day after the first day during which such contravention continues:
Provided that no such penalty shall be imposed unless an opportunity of hearing is granted.
(ii) censure or warn it;
(iii) publish the fact that the company has been fined, censured or warned; and
(iv) it may place the Debt Security in the Non-Compliant Segment if payment of profit or repayment of principal amount is delayed.

5C.15. RELAXATION:

Where the Exchange is satisfied that it is not practicable to comply with any listing requirement(s) of this Chapter in a particular case or class of cases, the Exchange may, for reasons to be recorded, relax such requirement(s) subject to such conditions as it may deem fit. The Exchange shall also intimate the Commission in writing regarding any such relaxation within three working days of granting the same.

5C.16. REPEAL:

The Regulations Governing Over-The-Counter (OTC) Market are hereby repealed.

FORM I

LISTING APPLICATION

[This shall be on the Letterhead of the company]

Dated: _____

The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Karachi.

Dear Sir/Madam,

1. We hereby apply for listing of (name of debt security) of (name of the company) on the Pakistan Stock Exchange Limited (PSX).

2. Necessary documents and information as required under Annexure-I of Chapter 5C of PSX Regulations are attached herewith.

[Name, designation and signature of the CEO, CFO or the company Secretary duly authorized by the Board of Directors of the company by way of resolution to make an application on behalf of the company]

Copy for information to:

The Securities and Exchange Commission of Pakistan, Islamabad.

ANNEXURE-I

DOCUMENTS TO BE UPLOADED ALONG WITH THE LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded by the company/issuer applying for listing of its privately placed debt security through PRIDE:

i. Listing Application on Form I.
ii. An unconditional undertaking by the Issuer, on Form II.
iii. In case of an unlisted company following additional documents and information shall also be provided:
    a. Memorandum and articles of association of the company.
    b. Certificate of incorporation of the company.
    c. Certificate for change of name of the company, if applicable.
    d. Conversion certificate from private to public company; if applicable.
    e. Audited annual accounts of the company for the last 2 years or for a shorter period if 2 years of the commencement of business are not completed.
iv. Resolution passed by the Board of Directors of the company approving issuance of the debt security to QIBs through private placement.
v. License, consent, approval, NOC etc. from the concerned regulatory authority for undertaking / carrying on the business, where required.
vi. Information Memorandum prepared for circulation among the QIBs.
vii. Auditors' Certificate testifying receipt of the subscription money from all the subscribers of the debt security.
viii. An Undertaking on non-judicial stamp paper (certified by the oath commissioner) from the company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) stating that:
    a. all subscribers of the debt security are eligible QIBs;
    b. to the best of their knowledge and belief the disclosures made in Information Memorandum are true, fair, correct and adequate;
    c. the company fulfills all the eligibility requirements of Chapter 5C of these Regulations;
    d. in case of secured debt security:
        (i) the security created in favour of the Debt Securities Trustee/ Investment Agent is appropriate and sufficient; and
        (ii) the charged assets i.e. the assets on which charge has been created in favour of the Debt Securities Trustee/ Investment Agent are free from any encumbrances and that permission/NOC/consent of the existing creditors who have charge on such assets has been obtained for creation of charge on these assets in favour of the Debt Securities Trustee/ Investment Agent.
ix. Credit Rating Report of the entity and the instrument, where applicable as the case may be, obtained from a Credit Rating company licensed by the Commission.
x. Shariah Pronouncement Letter, if required.
xi. Trust Deed or Issuance Agreement as per the Structuring of Debt Securities Regulations, 2020 executed between the company and the Debt Securities Trustee/ Investment Agent.
xii. Security documents along with detail of charged assets, in case of secured debt.
xiii. Consent letter from the Consultant to the Issue, if any, Legal Advisor to the Issue, if any, Debt Securities Trustee or Investment Agent, where required and Shariah Advisor, where required.
xiv. Payment of non-refundable initial and annual listing fee, as mentioned in Chapter 5C of these Regulations, in favour of the Exchange.
xv. Any other document, material, information as may be required by the Exchange for its own record or for dissemination to the investors.

Notes:
(i) Scanned copies of all the documents shall be certified by the Company Secretary/CEO.
(ii) Such scanned documents relating to regulatory authority as specified by the Exchange shall also be certified from the concerned Company Registration Office or concerned Regulatory Authority.
(ii) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.

ANNEXURE-II

CONTENTS OF INFORMATION MEMORANDUM

NOTE: This is a Guideline for Consultant to the Issue. The Exchange shall not be responsible for monitoring compliance with Annexure II.

The Information Memorandum prepared with respect to issue of a debt security to QIBs through private placement shall contain at least the following information and disclosures:

1. On cover page the following shall be disclosed:

   (i) a disclaimer in bold letters stating that, "This is not a prospectus for issue of securities to the general public but a document prepared for the purpose of issuing debt securities only to QIBs. This Information Memorandum has not been approved by the Securities and Exchange Commission of Pakistan (the Commission) or the Pakistan Stock Exchange (the Exchange)";
   (ii) a disclaimer in bold letters stating that, "The Board of Directors of … (name of the company) … accepts responsibility for accuracy of the information contained in this document"; and
   (iii) name of the company, name of the entity that has prepared the Information Memorandum and date of the Information Memorandum.

2. Table of contents, glossary of technical terms and acronyms;

3. Executive summary by the entity that has prepared the Information Memorandum, purpose of preparation of the Information Memorandum and their scope of work;

4. Information about the company like its name, date of its incorporation, registration number, addresses of its registered and head offices, date of listing of its ordinary shares, if applicable, name of the stock exchange where it is listed, if applicable, its sponsors and major shareholders, associated companies and associated undertakings etc.;

5. Latest pattern of shareholding of the company;

6. Names of the directors of the company and their directorships in other companies;

7. Profile of the management of the company including all the members of the Board of Directors except directors nominated by the government or the creditors;

8. Organization structure of the company and its principle business;

9. Future outlook and business strategy of the company;

10. Highlights of major restructuring, if any, like merger, demerger, amalgamation, acquisition, reorganization, financial restructuring etc.;

11. Three years financial highlights relating to cash flows and financial & operating position of the company including key financial ratios like debt/equity ratio (pre & post issue), current ratio, return on equity, return on assets, earning per share, debt service coverage ratio, interest service coverage ratio etc. in tabular form;

12. Salient features of the Issue and the debt security like issue size, tenure, rate of profit, nature of the instrument whether it is secured or un-unsecured, convertible or non-convertible, options like put option, call option/early redemption option, partial call option etc.;

13. Redemption schedule;

14. Detail of the redemption reserve fund, if any;

15. Terms and conditions for investment in the debt security;

16. Purpose of the issue and breakup of the utilization of the proceeds of the Issue;

17. In case the proceeds of the Issue are to be utilized for project financing, detail of such project like project cost and means of financing, project implementation schedule, latest status of the implementation of the project, expected date of completion of the project, expected date of trial & commercial production etc.;

18. In case of issuance of a debt security by a Special Purpose Vehicle, detail of the securitization transaction, parties to the transaction and role of each such party, etc.;

19. Complete credit rating report of the instrument or the entity, as the case may be, based on the company's latest audited accounts or the reviewed accounts, if the audited accounts are older than six months. In case where the instrument and entity rating is obtained from more than one credit rating agencies, copies of all rating reports are to provided;

20. In case of secured debt securities, detail of the security backing the instrument like nature of assets hypothecated, book value of such assets, nature of charge created in favour of the Debt Securities Trustee (i.e. exclusive, parri passu or ranking), nature and amount of the existing charge(s) on the assets, names of the creditors who hold charge on these assets and status of NOC or consent of the existing creditors, creditor-wise and nature-wise break up of total existing debts etc.;

21. Name of the Debt Securities Trustee, date of execution of the Trust Deed, responsibilities of the Debt Securities Trustee under the Trust Deed, security enforcement mechanism by the Debt Securities Trustee in case of default by the company;

22. All the risk factors associated with investment in the debt security of the company;

23. Basic information about the industry the company belongs to, key players in the industry, basic raw material used by the company, if applicable, and list of suppliers thereof, main clients of the company, competitors of the company, etc.;

24. Summary of all the material contracts relating to the Issue and the project, if any;

25. Detail of pending legal proceedings in which the company is a party;

26. Names and contact details of the company's bankers, legal advisors, transfer agent and the Consultants to the Issue;

27. Name (s) and contact details of the persons authorized by the company in respect of issuance of the debt security;

28. Company's credit history towards servicing of existing debts i.e. the profit and principal amount on existing loans and debt securities issued by it are paid on time;

29. Any loan amounting to PKR 500,000 or more written off by a financial institution during last 5 years;

30. Any disclosure in Information Memorandum shall not be inconsistent with the covenants of the Trust Deed; and

31. The Information Memorandum shall not contain any clause that is inconsistent with the terms of the debt security or the Trust Deed.

FORM-II

UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER

The Chief Executive Officer,
Pakistan Stock Exchange Limited,
Karachi.

U N D E R T A K I N G

I on behalf of … (name of the issuing company) … duly authorized by its Board of Directors hereby undertake that:

1. the information provided in the documents along-with the application for listing of the debt security under Chapter 5C of these Regulations is true and correct to the best of our knowledge and belief and complete in all respect;

2. the Company shall promptly provide all the information and documents to the Exchange, the Debt Securities Trustee and the debt securities holders as required under Chapter 5C;

3. the Company shall provide information and documents to the Exchange, the Debt Securities Trustee and the debt securities holders upon request in a timely manner; and

4. the Company shall, all the time, comply with the requirements of Chapter 5C.

   Date: Name and signature of the Chief Executive Officer of the Company duly authorized by its Board of Directors.

Date: _____

Place: _____

Name and signature of the Authorized Person

Chapter 5D: DELETED

Chapter 6: GOVERNMENT DEBT SECURITIES (GDS) MARKET REGULATIONS

6.1. DEFINITIONS:

In this chapter, unless the subject or context otherwise requires:

(a) "Buying Capacity" means the confirmation received from a Clearing Participant identifying the available funds of an Eligible Client to acquire Government Debt Securities to the extent laid down in that confirmation;
(b) "Clearing Participant" means a Commercial Bank or a Central Depository Company maintaining cash account with Bank(s) authorized by the Exchange in accordance with procedure laid down in Regulation 6.4. to facilitate settlement of trades in Government Debt Securities;
(c) "Commercial Bank" means a Banking Company as defined in the Banking Companies Ordinance, 1962;
(d) "Custody Position" means the confirmation received from a Clearing Participant identifying availability of Government Debt Securities in the IPS Account of an Eligible Client and its right to sell such securities to the extent laid down in that confirmation;
(e) "Designated Product for GDS Market" means any of the Government Debt Securities quoted on the Exchange for trading in its GDS Market and declared eligible for market making by the Exchange;
(f) "Designated Broker" means a Securities Broker performing market making activities on behalf of a Market Maker for GDS Market through a bilateral arrangement between them, who shall make available two ways quotes either sequentially or simultaneously in the Designated Product for GDS Market;
(g) "Eligible Client" means customers having IPS Accounts with any Clearing Participants for holding portfolio of Government Debt Securities for trading through GDS Market at the Exchange;
(h) "Government Debt Security or GDS" means a debt security as specified in Regulation 6.2 of these Regulations;
(i) "IPS Account" means Investor Portfolio Securities Account enabling customers to maintain their Pak Rupee (Rs.) denominated Government Debt Securities with Primary Dealers, Commercial Banks and CDC who are authorized by SBP to have SGLA with SBP;
(j) "Proprietary IPS Account" means an account in which a Commercial Bank being Trading Participant or CDC holds only those securities it is holding on its own behalf;
(k) "RFQ" means a Request For Quote which is a functionality available in the Trading System as ascribed in Chapter 8 of these Regulations;
(l) "RTGS System" means Real Time Gross Settlement System provided by SBP to the Commercial Bank/CDC or any other financial institution, which enables participants to make payments and/or transfer Government Debt Securities to one another electronically on real-time basis;
(m) "SBP" means the State Bank of Pakistan;
(n) "SGLA" means Subsidiary General Ledger Account opened by the Commercial Banks or CDC with SBP to facilitate operations of IPS Accounts for holding of Government Debt Securities for their Proprietary Accounts and Investors or customers;
(o) "Shut Period" means a duration during which Government Debt Security is blocked for movement from one IPS Account to other IPS Account as prescribed by SBP;
(p) "Tick Size" means the minimum price increase or decrease at which RFQ can be made in GDS Market on the Trading System;
(q) "Trading Participant" means a Securities Broker or Commercial Bank authorized by the Exchange in accordance with procedure laid down in Regulation 6.3 and 6.5 to trade in Government Debt Securities through the Trading System;

Provided that Trading Participant for CDS eligible GDS shall include Securities Broker and Non-Broker Debt Market Clearing Members that are Commercial Banks and Mutual Funds or any other Non-Broker Debt Market Clearing Member as authorized by the Exchange after approval of the Commission.

6.2. GOVERNMENT DEBT SECURITIES ELIGIBLE FOR TRADING UNDER THESE REGULATIONS:

6.2.1 The following Government Debt Securities shall be eligible to be quoted for trading on GDS Market of the Exchange:

(a) Treasury-Bill (T-Bill)
(b) Pakistan Investment Bond (PIB)
(c) Government of Pakistan Sukuk
(d) Any other Government Debt Security, including Debt Securities issued by the federal government, provincial government, local government, local authority, any other entity authorized by the government or any statutory bodies authorized by SBP and allowed for trading by the Exchange from time to time.

6.2.2 In case of CDS eligible GDS, the Exchange shall conduct the auction on behalf of the Government of Pakistan in accordance with such terms, conditions and the procedures as jointly agreed and notified by the Exchange, CDC and NCCPL from time to time.

6.2.3 For CDS eligible GDS issued by the Government of Pakistan, the trading and dealings in such GDS shall be conducted at the Exchange in accordance with such terms, conditions and the procedures as jointly agreed and notified by the Exchange, CDC and NCCPL from time to time.

6..2.4 The joint procedure referred in clause 6.2.2 and 6.2.3 above shall be binding on all the relevant participants in such form, manner and extent as specified in these procedures.

6.3. TRADING PARTICIPANTS:

The following shall be eligible to become Trading Participants to trade in Government Debt Securities in GDS Market on the Trading System through Trading Terminals provided by the Exchange:

(a) All Securities Brokers that have access to trade in equity securities on the Trading System are eligible to participate in the GDS Market of the Exchange for trading in their Proprietary Accounts or in the accounts of the Eligible Clients having IPS Accounts and/or Cash Accounts with any Clearing Participant.
(b) All Commercial Banks registered with SBP for trading on proprietary account.
(c) Commercial Banks that are Non-Broker Debt Market Clearing Member for trading in CDS eligible GDS on proprietary account.
(d) Mutual Funds that are Non-Broker Debt Market Clearing Member for trading in CDS eligible GDS on proprietary account.

6.4. CLEARING PARTICIPANTS:

The following shall be eligible to become Clearing Participants to settle trades in Government Debt Securities in GDS Market on the Trading System:

(a) Commercial Banks which are authorized by the SBP and permitted by the Commission.
(b) The CDC.

6.5. PROCEDURE FOR ADMISSION OF TRADING PARTICIPANT AND CLEARING PARTICIPANT:

(a) A Securities Broker which is eligible to become a Trading Participant in accordance with regulation 6.3. above shall apply to the Exchange as per the format prescribed by the Exchange from time to time.
(b) Commercial Bank or Mutual Fund, which is eligible to become a Trading Participant in accordance with regulation 6.3. above shall apply to the Exchange on a standardized form as set out in Annexure-A along with an unconditional undertaking to the Exchange as set out in Annexure-B.
(c) CDC or any Commercial Bank which is eligible to, become Clearing Participant in accordance with regulation 6.4 above, shall enter into a Service Level Agreement with the Exchange on the format prescribed by the Exchange from time to time.
(d) On completion of all the relevant requirements;

  (i) The Securities Broker shall be allowed to become Trading Participant for trading in its Proprietary Account or on behalf of Eligible Clients having IPS Accounts and/or Cash Accounts with any Clearing Participant.
  (ii) A Commercial Bank which has applied for Trading Participant shall be allowed to become Trading Participant for its Proprietary Account in GDS Market of the Exchange.
  (iii) A Mutual Fund which has applied for Trading Participant shall be allowed to become Trading Participant for trading on its Proprietary Account in CDS eligible GDS at the Exchange.
  (iv) A Commercial Bank which has applied for Clearing Participant shall be allowed to become Clearing Participant for its IPS Account holders including its proprietary IPS Account.
  (v) CDC shall be allowed to become Clearing Participant for its IPS Account holders including its Proprietary IPS Account.

6.6. TRANSMISSION OF INFORMATION BETWEEN THE EXCHANGE AND CLEARING PARTICIPANT:

The Exchange shall enter into a Service Level Agreement with its Clearing Participant for exchanging the following information of Eligible Clients between the Exchange and Clearing Participant relating to trading and settlement of trades in GDS Market:

(a) Clearing Participant will transmit before the execution of trade the UIN-wise details of pre-existing interest of their Eligible Clients including Buying Capacity of an Eligible Client, who intends to buy any Government Debt Security or Custody Position of an Eligible Client, who intends to sell any Government Debt Security in GDS Market;
(b) Trading Participant except those Commercial Banks who fulfill the criteria developed by the SBP for Trading Participants on the Exchange, will be restricted to enter RFQ on the Trading System for selling up to the maximum Custody Position and for buying under Regulation 6.12.2. (a) up to the maximum Buying Capacity of a respective UIN uploaded in the Trading System in accordance with the procedures;
(c) The Exchange will transmit executed trades to the respective Clearing Participant on real-time basis.

6.7. RIGHTS & OBLIGATIONS OF TRADING PARTICIPANT, CLEARING PARTICIPANT AND ELIGIBLE CLIENT:

(a) A Clearing Participant shall enter into a Tripartite Agreement with an Eligible Client and its Securities Broker admitted as Trading Participant by the Exchange specifying the rights and obligations of all parties to the Agreement for sharing of information between the Exchange and Clearing Participant, executing trades in the specified Government Debt Security by the Eligible Client through a Securities Broker Trading Participant and settlement of such trades by the Clearing Participant without obtaining trade details from its Eligible Client;
(b) Trading or Clearing Participants would be allowed to perform their respective functions subject to these Regulations;
(c) Trading Participant may apply to the Exchange to acquire Trading Terminal on such terms and condition as may be prescribed by the Exchange from time to time;
(d) In accordance with the Tripartite Agreement, a Clearing Participant shall be responsible for the clearing and settlement obligations of all trades of Eligible Clients executed by the Trading Participant based on the information exchanged

with the Exchange by such Clearing Participants subject to affirmation by the counter Clearing Participant in RTGS System. The Clearing Participant shall provide to the Exchange details of all Eligible Clients in accordance with the procedures prescribed by the Exchange;

(e) The Securities Brokers as Trading Participants shall ensure that order instructions required under relevant Regulations and procedures of the Exchange dealing with the manner of giving order by the clients to the Broker are obtained from the Eligible Clients before placement of same on the GDS Market and shall maintain relevant record or documents with regard to the fulfillment or otherwise of the orders;

(f) The Securities Brokers as Trading Participants shall make available to their Eligible Clients the order confirmation in the manner prescribed by the Exchange in accordance with chapter 4 of these Regulations;

(g) All Trading Participants shall be responsible for the accuracy of orders entered into the GDS Market;

(h) Whenever a Trading Participant puts an order in GDS Market on the Trading System on behalf of an Eligible Client it shall enter the client code duly tagged with the UIN of such client.

6.8. DEALINGS ON THE GDS MARKET:

(a) Trading on the GDS Market of the Exchange shall be allowed only through approved Trading Terminal(s) of a Trading Participant.

(b) Each Trading Participant shall be assigned a participant identification code by the Exchange and the same shall be used to log on to the Trading System for accessing GDS Market.

(c) The permission to use the Trading Terminal shall be subject to payment of such charges as the Exchange may prescribe from time to time.

(d) A Trading Participant shall not have any title, ownership-rights or interest with respect to GDS Market, its facilities, software and the information or data generated by the GDS Market.

(e) A Trading Participant shall not, by itself or through any other person on its behalf, publish, supply, show or make available to any other person or reprocess, retransmit, store, manipulate or use the facilities of the GDS Market or the information provided by the Exchange except with the explicit approval of the Exchange and in the ordinary course of business to complete the trades on the Exchange.

(f) The Exchange shall provide its services on a best effort basis. However, the Exchange shall not be liable for:

  (i) failure of the system or for any loss, damage, or other costs arising in any way out of telecom network or system failure including failure of ancillary or associated systems, or fluctuation of power, or other environmental conditions;

  (ii) accident, loss in transportation, neglect, misuse, errors, frauds of the Trading Participant or its employees or any third party;

  (iii) any fault in any ancillary or associated equipment (either supplied by the Exchange or approved by the Exchange) which forms or does not form part of the Trading Terminal installation; or

  (iv) act of God, fire, flood, war, act of violence, any force majeure event, or any other similar occurrence; or any incidental, special or consequential damages including without limitation of loss of profit.

(g) Without prejudice to anything contained in clause (f) above, such failure shall not reduce, alter the liability of the Trading Participant in respect of any trade to which it is a party.

(h) No Trading Participant shall deal on or access the GDS Market or related facilities through or on behalf of another Trading Participant.

(i) The Exchange shall have a right to reject any application made under these Regulations or at any time withdraw any approval previously granted, or suspend a Trading Participant temporarily from having access to the system. Such suspension may be conditional and may be revoked on the fulfillment of condition specified, if any, to the satisfaction of the Exchange.

6.9. REQUEST FOR QUOTATIONS (RFQ):

(a) A Trading Participant shall initiate RFQ to any of the selected Trading Participant(s) or to the whole market. The RFQ initiator shall have the right to accept or reject any or all bids or offers.

(b) *PRICE QUOTATIONS:*

The price quotations shall be offered in the manner prescribed by the Exchange from time to time.

(c) *RFQ MARKETABLE LOTS:*

The Marketable Lots of Government Debt Securities for RFQ Orders through the Trading System shall be prescribed by the Exchange from time to time.

(d) *RFQ TICK SIZE:*

The Exchange shall prescribe the Tick Size in RFQ for all eligible Government Debt Securities from time to time.

6.10. DELETED

6.11. DELETED

6.12. RISK MANAGEMENT OF TRADES IN GOVERNMENT DEBT SECURITIES UNDER THESE REGULATIONS:

6.12.1. All sell trades in GDS Market shall be subject to full Custody Position on T-1.

6.12.2. The buy trades in GDS Market shall be subject to:

(a) full Buying Capacity on pre-trade basis and no trade shall exceed the available Custody Position; or
(b) settlement of trade on post-trade basis at T+1 or within specified time period in case of inadequate pre-trade Buying Capacity.

6.12.3. All trades in GDS Market under Regulations 6.12.1. and 6.12.2.(a) shall be subject to a pre-verification by the Exchange as provided in Regulation 6.13.(b)(ii) below and shall not be subject to any margin requirements. The counter-Trading Participants to these trades shall prescribe their own procedures for managing settlement risk of trades executed or settled between them without any exposure to the Exchange.

6.12.4. All trades in GDS Market under clause 6.12.2.(b) shall be subject to deposit of pre-trade margin by the Trading Participant with the Exchange in the form of Cash and/or highly liquid government securities at such rate as specified by the Exchange from time to time. In case the buyer fails to deposit with Clearing Participant the amount required to settle the buy trade within specified time on settlement date, the Clearing Participant shall send such information to the Exchange as a failed trade. In such situation, the Exchange shall approach the Market Maker(s) for GDS Market for settling such failed trade as per the prior arrangement made by the Exchange with the Market Maker(s) for this purpose. The pre-trade margin deposited by the original buyer shall be forfeited by the Exchange for non-settling the trade maximum up to such rate as agreed with the Market Maker as a compensation for settling the failed trade.

6.13. TRADING, CLEARING AND SETTLEMENT PROCEDURES:

(a) SETTLEMENT CYCLE:

All trades in GDS Market shall be settled on maximum up to T+1 basis or as per the Settlement Cycle notified by the Exchange with the consents of the Clearing Participants and prior approval of the Commission, from time-to-time.

(b) TRADE EXECUTION PROCESS:

(i) All Eligible Clients and the Securities Brokers admitted as Trading Participants shall authorize under the Tripartite Agreement, their Clearing Participants to disclose to the Exchange their Custody Position in Government Debt Securities and/or Buying Capacity (cash position) available with such Clearing Participant on a pre-trade basis.

(ii) All RFQ bids/offers through Securities Brokers as Trading Participants shall be subject to a pre-verification by the Exchange for good funds and/or good security at order level on the basis of information received from the Clearing Participants.

(iii) The Trading System shall separately indicate the buy orders in GDS Market as with full Buying Capacity and without full Buying Capacity.

(c) TRADE SETTLEMENT PROCESS:

All trades on GDS Market shall be settled on trade-for-trade basis.

(i) Intra Clearing Participant Settlement Process:

All trades executed between two Eligible Clients having their IPS Accounts with the same Clearing Participant and all trades executed between Proprietary IPS Account of a Clearing Participant and Eligible Clients having IPS Account with such Clearing Participant shall be cleared and settled by intra accounts movement of Government Debt Security in their respective IPS Accounts and cash in their respective bank accounts.

(ii) Inter Clearing Participant Settlement Process:

All trades executed between two Eligible Clients having their IPS Accounts with two different Clearing Participants shall be settled by their respective Clearing Participants on Delivery-Verses-Payment (DVP) basis through RTGS System. Similarly, trade executed between Proprietary IPS Account of one Clearing Participant and Proprietary IPS Account of other Clearing Participant or an Eligible Client having IPS Account with such other Clearing Participant, or vice versa, shall be settled by their respective Clearing Participants on Delivery-Verses-Payment (DVP) basis through RTGS System of SBP.

(d) DEAL TICKET CONFIRMATION PROCESS:

(i) Respective Trading Participants will confirm all trades in the Government Debt Securities executed in GDS Market by the Eligible Clients on the basis of Deal Ticket of the executed trade generated through GDS Market having all trade settlement related information as per trade confirmation procedure of the Exchange.

(ii) Respective Clearing Participant will confirm all trades settled through them to their respective Eligible Clients as per their confirmation procedure.

6.14. SHUT PERIOD:

The Exchange may announce a Shut Period during which trading of specified Government Debt Security will remain suspended on the GDS Market of the Exchange.

6.15. TRADING FEE AND OTHER CHARGES:

The Exchange shall prescribe, from time to time, trading fee on the value of the trade and other charges payable by the Trading Participant on services provided by the Exchange in accordance with the schedule of Charges.

6.16. DELETED

Annexure-A

FOR APPROVED BANKS/MUTUAL FUNDS

FORM OF APPLICATION FOR TRADING PARTICIPANT OF THE EXCHANGE

The Managing Director
Pakistan Stock Exchange Limited
Stock Exchange Building
KARACHI

Dear Sir,

We hereby apply to participate in the trading of Government Debt Securities Market as a Trading Participant of the Pakistan Stock Exchange Limited to trade in our proprietary account.

We are enclosing herewith the following documents required for the aforesaid purposes:

a. Memorandum and Articles of Association
b. An Unconditional undertaking duly signed on the prescribed format

We hereby undertake to abide by the Regulations Governing Government Debt Securities (GDS) Market of Pakistan Stock Exchange Limited which are in force or may be amended from time to time by the Exchange.

Yours faithfully,

Name: _____

Dated: _____

Signature: _____

Annexure-B

FORM OF UNCONDITIONAL UNDERTAKING
(For Trading Participant)

In pursuance to the Regulations Governing Government Debt Securities Market of the Pakistan Stock Exchange Limited, we _____ having our registered office at _____ hereby undertake and bind ourselves as under:

1. That we undertake to comply with the Regulations Governing Government Debt Securities Market of the Exchange.

2. That we understand our Trading Participant status at the Exchange does not confer any trading rights or responsibilities for equity related or any other markets of the Exchange. (Only for Securities Brokers)

3. That we understand that our Trading Participant status is limited only to our proprietary account. (Only for Commercial Banks and Mutual Funds)

4. That we undertake to fulfill all our obligations as laid down under the Rules/Regulations of the Exchange, NCCPL, CDC, SECP as well as SBP as may be prescribed from time to time.

Yours faithfully,

_____
Chief Executive/Authorized person

FORM-C

FORM OF APPLICATION FOR APPOINTMENT AS MARKET MAKER

The General Manager
Pakistan Stock Exchange Limited
KARACHI

APPLICATION FORM FOR APPOINTMENT AS MARKET MAKER

We hereby apply for the appointment of Market Maker at the Pakistan Stock Exchange Limited in accordance with the Regulations Governing Government Debt Securities Market of Pakistan Stock Exchange Limited. Our brief particulars are as under:

1. Complete company name (no abbreviations)

2. Company registration number

3. Name of the Designated Broker through which market making will be carried out (in case Market Maker is a Banking Company other than a Trading Participant, a Development Finance Institution or an Asset Management Company for and on behalf of CIS).

_____
Name and Signature of Authorized Person

Date:

Chapter 7: PROPRIETARY TRADING REGULATIONS

7.1. DEFINITIONS AND INTERPRETATION:

7.1.1. In this chapter, unless there is anything repugnant in the subject or context:

(a) “Associated Person" shall mean, an employee, or director of a Securities Broker;
(b) "At Best Order” shall mean an order to buy or sell a security as soon as possible at the best available market price;
(c) "Limit Order" shall mean an order to buy or sell a security at a specified price or better price;
(d) "Proprietary Trading" shall mean trading conducted by a Securities Broker on its own account for direct gain of the Securities Broker.

7.1.2. The term “security” or “securities” when used in this chapter shall also refer to and include the Futures Contracts.

7.2. PROCEDURE FOR EXECUTION OF PROPRIETARY TRADING BY THE BROKER OR ANY ASSOCIATED PERSON:

7.2.1. All orders to buy or sell securities that a Securities Broker, or an Associated Person may place shall be entered, in the chronological order in an order register (either manual or electronic) and/or order log maintained by telephone recording to be maintained by the Securities Broker in a form which shows the name of the person who placed the order and the time at which the order is received, the name and number of securities to be bought or sold, nature of the trade clearly indicating in writing a proprietary trade and the limitation, if any, as to the price of the securities or the period for which the order is to be valid.

7.2.2. MANNER OF TRADES OF SECURITIES BROKERS’ BUSINESS:

(a) A Securities Broker, or an Associated Person who has an "At Best" Order from a customer to buy or sell a security shall not, while such order remains unexecuted, engage in Proprietary Trading in such security or in any account in which, such Securities Broker or an Associated Person, directly or indirectly, has an interest.

Provided, if a Securities Broker, or an Associated Person who has “At Best” Order to buy or sell a security prior to an order from a customer, the former shall have priority over the “At Best” Order of that customer subject to disclosure of such order by the Securities Broker, or an Associated Person to its customer.

(b) A Securities Broker, who has a Limit Order from a customer to buy or sell a security shall not while such order remains unexecuted, engage in Proprietary Trading involving the purchase or sell of that security at the limit price or a better price than the limit price specified by the customer for himself or for any account in which, such Securities Broker or an Associated Person directly or indirectly, has an interest.

7.2.3. Securities Broker who has an order to buy or sell a security shall not fill such order by engaging in Proprietary Trading for itself for any account in which such Securities Broker or an Associated Person, directly or indirectly, has an interest, except when:

(a) the order is a Limit Order;

(i) he has a sell Limit Order and he sells the security at a price not exceeding the price at which the trade immediately preceding the receipt of the order by him actually took place;
(ii) he has a buy Limit Order, he buys the security at a price which is not less than the price at which the trade immediately preceding the receipt of the order by him actually took place; or
(iii) the Securities Broker trades in the capacity of a Designated Market Maker in accordance with Chapter 12 (Market Makers Regulations) of these Regulations.

7.3. NO AGGREGATION OF ORDERS:

A Securities Broker shall not aggregate an order for a customer with orders for other customers, or with own account orders.

7.4. CONFLICT OF INTEREST AND DISCLOSURE BY BROKERS:

7.4.1. The Securities Broker shall disclose to its customer placing an order in a particular security, while accepting such order, whether it intends to or is carrying out Proprietary Trading in that security on that particular trading day.

7.4.2. The Securities Broker, if doing Proprietary Trading through traders, shall disclose the name(s) of such persons to his customers.

7.5. SEPARATE ACCOUNT FOR PROPRIETARY TRADING:

Every Securities Broker who engages in Proprietary Trading shall have a separate account. The account shall be in the name of the Securities Broker and the title of the account must contain the word "proprietary". The account(s) shall be used for all trades involving Proprietary Trade.

7.6. MARKET INTEGRITY:

Securities Broker, or an Associated Person to keep accounts:

Every Securities Broker shall maintain separate books of accounts for:

(a) Money received from or on account of and money paid to or on account of each of its clients; and
(b) The money received and the money paid on a Securities Broker, or an Associated Person's own account.

7.7. PENALTY:

If a Securities Broker contravenes with any provisions of this Chapter, disciplinary actions shall be taken in accordance with the provision contained in the Chapter 20 relating to (Disciplinary actions against TRE Certificate Holders) of these Regulations.

Chapter 7A: MARKET MISCONDUCT REGULATIONS

7A.1. DEFINITIONS:

7A.1.1. In this Chapter unless there is anything repugnant in the subject or context:

(a) "Inside Information" shall have the same meaning as given under the Securities Act and the Futures Market Act;
(b) "Insider Trading" shall have the same meaning as ascribed thereto under the Securities Act and the Futures Market Act;
(c) "Insiders" for the purpose of this Chapter shall include all persons as specified in section 130 of the Securities Act and section 74 of the Futures Market Act;
(d) "Market Misconduct" for the purpose of this Chapter shall mean the following:
(i) Insider Trading; and
(ii) Other Market Abuses.
Explanation: Other Market Abuses for the purpose of this Chapter include false trading, market rigging and market manipulation as specified under section 132 and section 133 of the Securities Act and section 76 and section 78 of the Futures Market Act.

7A.1.2. Words and expressions used but not defined in this Chapter shall have the same meaning as assigned to them in the Securities Act and the Futures Market Act.

7A.2. COMPLIANCE WITH REGULATORY REQUIREMENTS:

Every person subject to PSX Regulations shall comply with requirements of this chapter and all other applicable rules, regulations, policies, procedures, notices, directives, guidelines etc. issued by the Exchange or the Commission, from time to time, to ensure that the fiduciary, regulatory and other obligations imposed on them are fully complied with at all times.

7A.3. INTEGRITY, DUE SKILL, CARE AND DILIGENCE:

Every person shall maintain high standards of integrity, promptitude and fairness and exercise due care, skill and diligence while engaging in trading activities.

7A.4. RESPONSIBILITY OF TRE CERTIFICATE HOLDERS AND LISTED COMPANIES:

7A.4.1. Every Listed Company shall take appropriate measures and formulate a code of conduct governing trading by its employees, set up adequate internal controls and ensure from time to time that all reasonable measures are being taken to put in place proper safeguards for prevention of Insider Trading.

7A.4.2. Every TRE Certificate Holder shall ensure that while trading the concerned employee strictly observes the Code of Conduct as specified by the Exchange under clause 4.20.3 of PSX Regulations, take appropriate measures and set up adequate internal controls and ensure from time to time that all reasonable measures are being taken to put in place proper safeguards for prevention of Market Misconduct.

7A.5. PROHIBITION OF MARKET MISCONDUCT:

7A.5.1. A person shall not indulge in Insider Trading as specified under section 128 of the Securities Act and section 72 of the Futures Market Act.

7A.5.2. A person shall not indulge in false trading, market rigging, market manipulation as specified under section 132 and section 133 of the Securities Act and section 76 and section 78 of the Futures Market Act.

7A.5.3. A person shall not indulge in market misconduct through engaging in:
(i) Short Sale and/ or Blank Sale effected to manipulate the price of listed security or derivative contracts;
(ii) Unusual trade rectifications and/or deals recorded in negotiated deals market.

7A.6. POWER OF THE EXCHANGE:

7A.6.1. ***Power of the Exchange to enquire and obtain information, records and documents:***

Where the Exchange, on the basis of the information available or made available to it or has reasonable cause to believe either on its own motion or as a result of a complaint or referral, is of the opinion that it is necessary to enquire into a matter of prima facie breach of any provision of this Chapter, the Exchange shall exercise such powers as provided below. It shall exercise such powers either directly or, where appropriate, in collaboration with the Commission.

(a) The CRO or his authorized officer from RAD may:
(i) by notice in writing, direct a TRE Certificate Holder or a Listed Company to furnish with the Exchange such information, records and documents relating to their sponsors, directors, substantial shareholders, employees and their spouse, siblings, children and parents subject to PSX Regulations;
(ii) by notice in writing, direct the TRE Certificate Holder to furnish such information, records and documents relating to its customer(s) subject to PSX Regulations;
(iii) obtain such information, records and documents from CDC and/ or NCCPL relating to a person mentioned in sub-clause (i) or (ii) above; as may be required within such time and in such manner as it may specify, for the purpose of:

i. determining whether any Market Misconduct has taken place;
ii. identifying person who is indulged in Market Misconduct; or
iii. determining the amount of profit gained or loss avoided as a result of any Market Misconduct that may have taken place.

(b) The CRO or his authorized officer from RAD may, by notice in writing, require TRE Certificate Holder, Listed Company or a person subject to PSX Regulations to appear for providing explanation and/or any other information in relation to such enquiry.

Explanation: In case a person referred above is a customer of TRE Certificate Holder and is not associated with a Listed Company or TRE Certificate Holder as sponsors, directors, substantial shareholders, employees and their spouse, siblings, children and parents, then the TRE Certificate Holder may appear on behalf of such person for providing explanation and/ or any other information in relation to such enquiry.

(c) The TRE Certificate Holder, Listed Company or person subject to PSX Regulations shall be bound to provide relevant information and documents to the Exchange as may be required under sub-clause (a) or (b) above.

7A.6.2. ***Power of the Exchange to maintain database:***

The Exchange shall have the power to obtain information for the purpose of creating and maintaining relevant database to ensure effective conduct of monitoring, surveillance, inquiry or investigation.

7A.7. CONSEQUENTIAL ACTION:

7A.7.1. If the finding reveals breach of any provision of this Chapter, the Exchange may, in such case, forward its preliminary finding report to the Commission for further appropriate action as per the applicable law in force.

7A.7.2. The Exchange may take consequential action(s) against any person as may be directed by the Commission.

7A.8. WHISTLEBLOWING OR REPORTING OF MARKET MISCONDUCT:

Where a person is aware of or has reasonable grounds to believe that a Market Misconduct has been committed or attempted to be committed, such person may report that instance to the Exchange along with supporting documentary evidences. The identity of such whistleblower shall be kept confidential.

7A.9. PRESERVATION OF CONFIDENTIALITY:

The Exchange shall preserve confidentiality with regard to information in its possession relating to any persons under this Chapter.

Chapter 8: TRADING SYSTEM REGULATIONS

8.1. DEFINITIONS:

8.1.1. This chapter shall apply to the Securities Brokers in respect of trading conducted through the Trading System.

8.1.2. In this chapter, unless there is anything repugnant in the subject or context:

(a) "Disaster" means a situation in which the primary site of the Trading System becomes inoperative or in-accessible for any reason including an act of God, fire, flood, war, act of violence, any force majeure event as may be declared by the Exchange or intimated by any Securities Broker to the Exchange;
(b) "DR" means Disaster Recovery;
(c) "DR Site" means the DR Site of the Trading System maintained by the Exchange;
(d) "Market-to-Limit Order" means an Order placed as a Market Order. If that Order is filled partially, the remainder of the Order shall become the Limit Order with the limit price equal to the price at which the filled portion of the Order is executed.
(e) "Order" means a valid sale or purchase order placed by a Securities Broker through its Trading Terminal(s).

8.1.3. The term "security" or "securities" when used in this Chapter shall also refer to and include the Futures Contracts.

8.2. ADMINISTRATION AND EXERCISE OF POWERS:

The Exchange may exercise the following powers in operating and administrating the Trading System:

(a) To inspect the equipment and software used for the purpose of accessing Trading System.
(b) To release information in its possession concerning any TRE Certificate Holder and all its activities conducted on the Trading System, to persons authorized by law to request for such information;
(c) To impose fees and charges in relation to the use of the facilities available on the Trading System;
(d) To impose any condition or restriction with respect to access to and use of the Trading System as it deems fit.

8.3. AVAILABILITY:

8.3.1. The Exchange shall provide the trading facility to the Securities Brokers for trading in eligible securities by providing Trading Terminal(s).

8.3.2. Every Securities Broker shall mandatorily get and maintain at least one DR Terminal which shall be connected to DR Site and the Primary Site of the Exchange in accordance with the Broker's contingency plan. The DR Terminal can be installed by the Securities Brokers at the registered office, branch office or any other location.

Explanation: If the Securities Broker's Main Office or Head Office is situated outside the premises of the Exchange, then the DR Terminal(s) may be installed within the premises of the Exchange. Where the Securities Broker's Main Office or Head Office is located within the premises of the Exchange, then the DR Terminal(s) shall be installed outside the premises of the Exchange.

Provided that the securities brokers are encouraged to deploy sufficient numbers of DR Terminals depending on their scale of business.

8.3.3. The Exchange may suspend or shutdown trading in the event of a Disaster affecting more than such number of Trading Terminals or Securities Brokers as may be prescribed by the Board.

8.4. QUEUE PRIORITY:

8.4.1. Orders will be matched on the basis of following order of priorities:
(a) Price
(b) Time of entry

8.4.2. Orders that cannot be immediately executed shall be queued for future execution in a specific order of priority as specified in clause 8.5.1.

8.4.3. Any other factors affecting the order of Queue Priority shall be determined and notified by the Exchange with the prior approval of the Board.

8.4.4. In case an Order is executed partly, the remaining part of such Order shall not lose its priority.

8.5. ORDER TYPES:

8.5.1. The following types of Orders shall be allowed:

(a) Limit Orders,
(b) Market Orders,
(c) Market to Limit Orders;
(d) Change Former Order (CFO), and
(e) Cancel Order (CXL)

8.5.2. Modification of price in CFO shall be subject to fill allocation priorities, however, reduction of bid/offer quantity shall not be subject to the fill allocation priorities.

8.6. ORDER/TRADE PRICES AND DATABASE FOR ACCRUED INTEREST CALCULATIONS FOR DEBT SECURITIES:

Trading prices of Debt Market Securities shall be based on principal amount only whereas accrued interest calculations shall be made on the basis of settlement date of the open trade. The following shall apply:

(a) AUTOMATIC ORDER MATCHING METHOD: quote up to a four-digit price (e.g. 100.1234)
(b) TICK SIZE: Rs. 0.0001

8.7. QUOTE TYPES AND ATTRIBUTES FOR DEBT SECURITIES TRADES:

8.7.1. Debt Market Securities will trade in decimal increments to 4 decimal places (e.g. 101.3213).

8.7.2. In addition to continuous trading session, a functionality for Requests for Quotations (RFQ) shall also be made available in the Trading System.

Explanation: RFQ comprises transmitting a request for bid or offer through the Trading System to other market participants and subsequent receipt of quotes from market participants in respect of the Trading System-eligible Debt Market Security.

8.7.3. A Securities Broker may initiate RFQ from maximum ten other identified market participants or the whole market. The RFQ initiator shall have the right to accept or reject any or all bids or offers. The acceptance of bid or offer by an RFQ initiator shall result in a binding trade.

8.8. INSERTION OF CLIENT'S CODE IN EVERY BID AND OFFER THROUGH TRADING SYSTEM:

8.8.1. Every Securities Broker while inserting a bid and offer through the Trading System for each of its clients, shall insert unique Client Codes for those clients which are maintained by it in its back office system and registered with NCCPL. These Client Codes are linked/mapped to UIN through the interface of NCCPL. These Client Codes should not be re-assigned to another client of the Securities Brokers even after the closure of the account.

8.8.2. Every Securities Broker shall ensure that the securities purchased or sold against a Client Code are posted to the respective Sub-Account/Investor Account of that particular client with CDC upon settlement of trades through the Exchange.

8.9. TIME IN FORCE RESTRICTION:

(a) All Orders shall be valid only for the relevant trading day and shall automatically be removed on the close of the trading day if they remain unfilled till then unless a time-in-force restriction is specified. In case a time-in-force restriction is specified for an Order, then such Order shall remain valid for execution and shall be removed from the Trading System if it remains unfilled till such time.

(b) Terms for Orders allowed for Time in Force Restriction include:
  (i) Good till Day (GTD)
  (ii) Fill or Kill (FOK)
  (iii) Immediate or Cancel (IOC)

8.10. CROSS TRADE:

Cross Trades are trades entered between two clients of the same Securities Broker. Such trades shall be allowed only if the Orders are placed and executed according to regular Order matching principles of price and time priority as prescribed under this Chapter for all Orders.

8.11. CANCEL ORDER:

A Cancel Order can only cancel an outstanding/unfilled Order in whole or in parts. It will not act as a Cancel Trade Request if that Order has already been executed.

8.12. CHANGE FORMER ORDER (CFO):

8.12.1. The terms of an Order placed in the Trading System can only be modified through the CFO option.

8.12.2. CFO option can only modify price and volume of an unfilled/outstanding Order in whole or in parts.

8.13. RISK MANAGEMENT, CLEARING AND SETTLEMENT:

The risk management, clearing and settlement of all trades executed on Trading System shall be governed in accordance with NCCPL Regulations and NCSS Procedures made thereunder.

8.14. MARKET OPENING:

8.14.1. Pre-Open Session consists of following periods:

Order Entry Period: During this period, the Orders are entered and queued as per the lot size or a threshold as notified by the Exchange from time to time. The Market Orders and Order execution, modification or cancellation are disallowed during this period.

Break Period: During this period, the opening price is calculated as per the requirements of these Regulations. The Orders entered during Order Entry Period are matched at the opening price so calculated and confirmed. New Order entry, modification or cancellation is disallowed during this period.

8.14.2. Where a market imbalance exists, an opening price shall be chosen by the Trading System.

8.14.3. Once the opening price is chosen, all trading shall take place at that opening price.

8.14.4. If the Orders are not entered for a particular security during Pre-Open session, there shall be no opening price computed for the said security. Once trade occurs in the open state, the first trade price shall become the opening price of the security with the exception that the first trade shall not be Cross Trade in nature. In case no trade occurs in open state, there shall be no opening price computed for that security.

8.14.5. Opening Price Calculation: Each symbol has only one opening price. The opening price for a security is calculated based on the available Orders in the regular book which are determined by a four-step approach involving the use of conditional decision rules. If a clear result cannot be achieved when the first decision rule is applied, the mechanism progresses to the second decision rule and so forth.

To calculate the opening price, the following rules are applied:

i. At each price level the total volume available in the market is calculated. The total volume available is determined separately for both buy and sell side of the market. The price level that allows the maximum volume of shares to trade is the opening price.
ii. If more than one price level allows the maximum volume of shares to trade, then the price level that has the minimum imbalance in share volume shall become the opening price. Imbalance in share volume is the number of shares remaining after all trades occur at a particular price level.
iii. If more than one price level allows the maximum volume of shares to trade and have an equal minimum imbalance in share volume, then the price level with the least net change from the closing price of previous trading day or from last trade price of previous trading session, whichever is applicable, shall become the opening price.
iv. If more than one price level allows the maximum volume of shares to trade, have an equal minimum imbalance in share volume, and have an equal least net change from the previous trading day closing price or last trade price of previous trading session, then the highest price level shall become the opening price.

8.14.6. Orders Not Completely Filled: All Orders entered during the Pre-Open Session will have a time priority based on the actual time of entry. For Orders not completely filled at the Pre-Open, this time priority will be maintained thereafter during the trading day and in case of Friday, the trading session. Limit Orders entered during the Pre-Open are subject to the same procedures that govern their entry during the trading day.

8.14.7. Open Session: After the completion of Break Period, the Open Session will commence for regular trading activity subject to these Regulations.

8.14.8. Debt Market shall only have two states i.e. Open and Close. There shall be no Pre-Open, Pre-Close and Open-Close states.

In case of GDS, the price at which the first trade of the day in a security is executed in any market including off-market whether executed through RFQ or Continuous Trading shall be the opening price of that security with the exception that such trade shall not be the Cross Trade. The opening price is meaningless in case that there is no trade on a particular trading day in Continuous or RFQ/NDM.

8.15. NEGOTIATED DEAL:

8.15.1. Negotiated Deal shall not participate in the open market, however, a Negotiated Deal can be reported throughout the hours of operation of the Exchange and thereafter until a time set by the Exchange.

8.15.2. Price protection procedures shall not apply to Negotiated Deals.

8.15.3. Negotiated Deal shall have no minimum volume requirements.

8.15.4. A Negotiated Deal will trade in its entirety as if it were an All or None (AON) transactional partial fills and undisclosed volumes shall not be allowed.

8.15.5. All Negotiated Deals will be cancelled at the end of trading day if they remain unconfirmed.

8.15.6. All Negotiated Deals executed shall be mandatorily reported to the Exchange on the same trading day in the manner as prescribed by the Exchange, for onward dissemination.

8.16. SUSPENSION OF SECURITY/SECURITIES AND/OR SECURITIES BROKER(S):

8.16.1. Trading in any one or more securities can be suspended at the discretion of the Exchange at any time during the trading day through a notice and/or announcement. Once suspended, no further trading in such security will take place unless the suspension is removed.

8.16.2. All Orders may be cancelled globally by the Exchange at its sole discretion.

8.16.3. Cancellation messages shall be forwarded to all Securities Brokers.

8.16.4. The Exchange may, in the interest of the market, put a suspension on trading by any Securities Broker.

Provided that in case the Exchange decides to suspend the market for more than 24 hours, the same shall be implemented with the prior written approval of the Commission.

8.16.5. Reinstatement of Security and/or Securities Broker, as the case may be, may take place during the suspension period.

8.17 CONFIDENTIALITY:

The Trading System shall treat all data and commercial information placed in the Trading System by market participants as strictly confidential. To achieve this objective, the Trading System shall adopt the most suitable organization, procedure and technological processes.

8.18. GENERAL:

8.18.1. A Securities Broker shall be responsible for all Orders entered, modified or cancelled into the order book in the Trading System.

8.18.2. All Records maintained by the Exchange in relation to any trade or any matter entered or reflected in the Trading System will prevail as evidence of the truth of the matter over all other records maintained by the Securities Broker and any other authorized person having access to Trading System.

8.18.3. The Exchange may issue any guidelines and clarifications from time to time for removal of any difficulties in the execution or operation of these Regulations.

8.18.4. The terms and phrases used herein without a specific definition shall have the meaning in accordance with current trade practice.

8.18.5. Any determination made by the Trading System through an interactive process shall be conclusive.

8.18.6. Any dispute between a Securities Broker and its client, arising out of or in connection with the trade executed under this chapter and which is not otherwise settled amicably, shall be referred to arbitration and dealt with according to the arbitration procedures laid down in Chapter 18 of these Regulations.

8.18.7. Notwithstanding anything contained in these Regulations, the Exchange may in its sole discretion cancel any Order (before execution) and/or trade with the prior approval of the Managing Director of the Exchange and for reasons to be recorded in writing under intimation to the Commission.

8.19 DISCLAIMER:

The Exchange shall not be liable for any loss, failure, damage, cost and expense suffered or incurred by any authorised or unauthorised person which may include Securities Broker, directly or indirectly, in connection to or as a result of the use of the Trading System and software, i.e. malfunctioning, failure or unavailability of the Trading System or software.

Chapter 9: INTERNET TRADING REGULATIONS

9.1. DEFINITIONS AND INTERPRETATION:

9.1.1. In this chapter the following expressions shall, unless the context requires otherwise, have the meanings specified herein below:

(a) "Configuration Management" shall mean a process in which the service provider has to undertake a change or add new functionality to the system or the infrastructure;
(b) "Internet Based Trading Services or IBTS" shall mean services associated with internet based trading for the purpose of routing orders to the Trading System through an automated order routing system as provided for under these Regulations;
(c) "Operational Capacity" shall mean the number of clients supported by the solution and infrastructure, usually assessed by the number of parallel requests served per seconds.

9.1.2. The term "security" or "securities" when used in this Chapter shall also refer to and include the Futures Contracts.

9.2. APPLICABILITY:

9.2.1. This Chapter shall apply to all the Securities Brokers, their authorized representatives and the facilities or services established by the Securities Brokers for providing IBTS in the securities traded on the Exchange.

9.2.2. The Securities Brokers already engaged in providing IBTS, shall evidence their compliance with all requirements of this chapter within six months from 18th July, 2012.

9.3. ELIGIBILITY:

The Securities Broker which fulfills the following minimum conditions, may apply for providing IBTS:

(a) has minimum net worth of Rs. 25 million as per the latest audited financial statements;
Provided that for Online Only Securities Broker, minimum net worth shall be 7.5 million.
(b) has adequate infrastructure including functional website, internal control procedures and technological and human resources to facilitate the operations of IBTS in an effective and efficient manner on an ongoing basis;
(c) has well-defined procedures for allowing clients' access to IBTS which shall inter-alia cover the following aspects:
(i) agreement with the Securities Broker;
(ii) assigning of trading limits;
(iii) placement and execution of clients' orders;
(iv) mode and timing of reporting of trade confirmation to the clients;
(v) margin requirement (initial, maintenance and other applicable margins) and margin calls, as may be applicable depending upon the category of Securities Broker.

The above procedures should be in writing and made available on the Securities Broker's website for easy access by the clients.

9.4. PROCEDURE FOR THE COMMENCEMENT OF INTERNET BASED TRADING SERVICES:

9.4.1. The Securities Broker desirous of providing IBTS may submit an application to the Exchange to provide IBTS in the format as may be prescribed by the Exchange from time to time for seeking permission to provide IBTS. The Securities Broker shall also provide further information or documents as and when required by the Exchange for disposal of the application.

9.4.2. The Securities Broker shall undertake all the certification procedures as specified by the Exchange from time to time. A completion certificate shall also be submitted to the Exchange prior to the commencement of IBTS which may be scrutinized by the Exchange as and when deemed appropriate in accordance with its procedures.

9.4.3. Upon completion of the certification requirement by a Securities Broker who also fulfills the above eligibility conditions, the Exchange shall, in writing either grant approval or reject the application as the case may be, within 30 days of the date of submission of the application to the Exchange.

9.4.4. The Securities Broker may after obtaining permission for installation and maintenance of the system for IBTS, deposit the requisite fees with the Exchange. The Exchange shall decide the amount of the installation and maintenance fees from time to time.

9.4.5. The Exchange shall display the list of Securities Brokers eligible for providing IBTS on its website and update the same upon any addition and/or deletion therein.

9.5. BROKER CLIENT SERVICE ARRANGEMENT:

9.5.1. The Securities Broker shall enter into an agreement with the client to whom it offers IBTS, which would contain appropriate disclosures highlighting the risks associated with internet trading.

9.5.2. The Securities Broker shall have appropriate arrangements in place to assess a client's suitability to undertake internet based trading and have sufficient and verifiable information of each client for risk evaluation purposes.

9.5.3. The Securities Broker providing IBTS shall provide access to the clients to all the applicable rules, regulations, guidelines of the Exchange and Commission, information regarding the rights and obligations of the Investors and the Securities

Broker; Investor's guides issued by the Exchange and the Commission, relevant legal provisions for Investor protection and the complaint handling and arbitration procedures.

In addition to the above, the Securities Broker shall also disclose to the clients the information relating to UIS Services of NCCPL and SMS, IVR and Investor Account services of CDC.

9.5.4. The Securities Broker shall disclose to its clients availing IBTS the Service Level Agreements and the infrastructure provided by the third-party vendor, if any.

9.5.5. The Securities Broker shall keep in record for the period of at-least five years all IBTS information relating to client orders and communications with the clients along with proper security measures to prevent such record from any potential misuse.

9.6. SERVICE REQUIREMENT:

The Securities Broker providing IBTS shall ensure that:

(a) satisfactory arrangements are in place so that it can at all times uniquely identify each and every order during the different stages of processing.
(b) orders placed through its systems are fairly allocated in accordance with the rules/regulations/procedures of the Exchange.
(c) effective audit trail is maintained to address risks arising from:
    (i) the opening, modification or closing of a client account;
    (ii) any transaction with significant financial consequences;
    (iii) any authorization granted to a client to exceed a limit;
    (iv) any granting, modification or revocation of systems access rights or privileges.
(d) adequate risk management systems are in place for controlling product-wise trading limits and exposure of clients availing IBTS. The system shall be capable of monitoring trading activities of such clients in leverage and derivative products offered through IBTS.
(e) internet trading system is capable of assessing the risk of the client on real-time basis at order entry level. The client shall be informed of acceptance/rejection of the order instantly. In case an order is rejected due to the system based controls because of client having exceeded limits etc., the system may allow a review and release facility for enabling the order to pass through.
(f) provision of user manual of IBTS containing complete system and interfaces documentation on its website.
(g) system based reports on margin requirements, payment and delivery obligations etc. are disseminated to the client in a timely manner.
(h) any error or omission in the system shall not indemnify the Securities Broker from the responsibility of settling any trade.

9.7. INFORMATION AND INFRASTRUCTURAL SECURITY MEASURES:

The Securities Broker providing IBTS shall ensure that:

(a) the internet trading system is in compliance with the information security policy of the Exchange and the service provider and the Securities Broker.
(b) the encryption technology applies for all client orders entered into the system and for all other confidential information the system is capable to uniquely identify each client of the Securities Broker. For this purpose, appropriate technical and administrative controls are also implemented to protect the clients against identity theft and related compromises.
(c) firewalls are in place to prevent intrusions by unauthorized persons. The firewall policy shall be adequately defined, maintained and reviewed periodically.
(d) the system is configurable to allow auto-logoff in case of inactivity of the trading terminal and/or the trading website.
(e) implementation of first and second level passwords and PIN requirement at order placement level are implemented.
(f) functionality of automatic expiry of passwords at the end of a reasonable duration and re-initialization of access on entering fresh passwords are implemented.
(g) all trade logs with proper audit facilities are maintained in the system.
(h) appropriate technical controls are in place against:
    (i) presentation of incorrect data, intentionally or malevolently;
    (ii) false presentation or the use of incomplete information for trades;
    (iii) manipulation of any data;
    (iv) viruses/Malware, leading to any loss of data, unauthorized access to data, or threat of unavailability of systems;
    (v) cyber extortion (distributed denial of services/distributed agent-based attacks).

9.8. OPERATIONAL CAPACITY:

9.8.1. The Securities Broker providing IBTS shall ensure that its Operational Capacity is evaluated regularly and that it maintains the log of evidences of such activities which shall include but not be limited to the following:

(a) details of the procedures for undertaking such an evaluation;
(b) the time at which such evaluation is undertaken;
(c) a copy of the results of such evaluation.

9.8.2. The Securities Broker providing IBTS shall continuously update and enhance the Operational Capacity in line with the increasing quantum of trades being generated through IBTS.

9.9. SERVICE AVAILABILITY AND BUSINESS CONTINUITY:

The Securities Broker providing IBTS shall ensure that:

(a) IBTS can function without relying on the functionality of the website of such Securities Broker and IBTS remains available in the following events:
  (i) website is not accessible thereby barring trading, receiving or providing information;
  (ii) particular section(s) of the website are not accessible due to either denial of service or lack of capacity or inability of the service providers to provide timely access to website;

(b) satisfactory alternative arrangements and contingency plans are in place to make sure that IBTS can continue in the event of a large-scale disruption and the Securities Broker should have disaster recovery planning and business continuity plan and demonstrable capacity to implement such plans.
(c) appropriate arrangements are in place where disruption of service is witnessed on the part of vendor.
(d) information regarding any disruption in the online trading services either on part of the Securities Broker or the third-party vendor, is immediately disclosed on its website and to its clients.

9.10. SYSTEMS MODIFICATION:

The Securities Broker providing IBTS shall submit to the Exchange and disclose on its website, in advance or promptly as the case may be, the information relating to any significant changes (Major Release) to its systems and the reasons for the change, availability or revocation of any specification/facility, delay in placement of orders/execution of trades etc. The changes in the system must comply with the configuration management policy of the service provider and the Securities Broker.

9.11. MONTHLY REPORTING:

The Securities Broker providing IBTS shall maintain monthly reports on the reliability and compliance status of the service. The report shall inter-alia include:

(a) number of users of the system as at the end of the month;
(b) daily average number of trades (of all types) processed by the system during the month and the highest number of trades processed by the system on a single trading day during the month;
(c) percentage of the scheduled time for availability for which the service was not available;
(d) number of incidences in which the system remained partially or fully inaccessible for trading;
(e) reason for non-availability, if any; and
(f) system modifications, if any and its impact on the existing services.

9.12. PERIODIC AUDIT, VULNERABILITY ASSESSMENT AND PENETRATION TESTING:

9.12.1. The Broker shall ensure that its IBTS systems, controls and procedures are audited and penetration tested independently, once in every two years, by an audit firm approved by the Exchange.

9.12.2. The Broker shall submit report of the auditor to the Exchange within two months of the date of the close of its periodic vulnerability assessment, if not assessed by the Exchange itself.

9.12.3. If the IBTS audit report or the Penetration Testing and Vulnerability Testing audit report indicates any non-compliance(s) or vulnerabilities in the system, controls or procedures, the Securities Broker shall be liable to rectify such noncompliance(s) /remove the vulnerability and furnish a compliance report to PSX from the auditor, within 30 days from the date of submission of audit report, certifying that the noncompliance(s)/vulnerability has been rectified/removed.

9.13. GENERAL DISCLOSURES:

9.13.1. The Securities Broker providing IBTS shall ensure that its website contains following information in plain English and Urdu language and in an easily accessible form:

(a) a basic explanation of securities trading; including definitions of common terms used on the trading screen;
(b) a general statement and information regarding the manner, in which orders are accepted, processed, settled and cleared via the internet;
(c) disclosure of various risks of securities trading, including the risk of systems outages and failures and any alternative means of placing orders;
(d) procedures to cancel pending orders during a system failure;
(e) rules and regulations affecting inter-alia client broker relationship, arbitration procedures and any other useful information from the perspective of Investor protection;
(f) hyperlink to the websites/page on the websites of the Exchange and the Commission displaying relevant rules, regulations, guidelines of the Exchange and Commission, information regarding the rights and obligations of the Investors and the Securities Broker; Investor's guidelines issued by the Exchange and the Commission, relevant legal provisions for Investor protection and the complaint handling and arbitration procedures etc.;
(g) hyperlink to the websites/page on the websites showing information relating to UIS Services of NCCPL and SMS, IVR and Investor Account services of CDC.

The afore aforesaid information shall be provided in an easily understandable language and a glossary of any technical or trade terms (used in such information) shall also be provided.

9.13.2. The Securities Broker providing IBTS shall ensure that the ticker, quote and order book displayed on its website displays the time stamp as well as the source of information against any given information.

9.13.3. The Exchange shall ensure that all the information as prescribed under these regulations is properly disclosed and updated from time to time by the Broker on its website.

9.14. CROSS TRADES:

The Securities Broker shall ensure that the IBTS systems for routing client orders shall not be allowed to cross trade its clients' orders with each other. All orders must be offered to the market for matching.

9.15. SUSPENSION AND CANCELLATION OF INTERNET TRADING CERTIFICATE:

9.15.1. The CRO shall assess the effectiveness of systems and processes of the Broker providing IBTS in accordance with the procedures devised from time to time and approved by the Board, including the review of IBTS audit report and/or Penetration Testing and Vulnerability Assessment audit report as required to be submitted under clause 9.12 and/or by conducting vulnerability assessment where deemed necessary on the basis of predetermined parameters.

9.15.2. The CRO may, after providing an opportunity of hearing in accordance with clause 20.4, suspend the internet trading certificate of a Securities Broker if it violates any of the regulations, and such suspension shall continue until and unless the Securities Broker complies with the Regulations it has violated or removes the cause of suspension in the manner as prescribed by the Exchange.

9.15.3. The Broker may appeal for the revival of the Internet Trading Certificate in accordance with procedure specified under clause 20.4.

9.16. INFORMATION ACCESSIBILITY:

To assist the Exchange or Commission in investigating instances of suspected or potential abuses such as insider trading and market manipulation, the Securities Broker providing IBTS shall provide full and prompt responses to all requests for information by the Exchange or the Commission as the case may be.

Chapter 10: READY DELIVERY CONTRACTS MARKET REGULATIONS

10.1. DEFINITIONS:

(a) "Physical Securities" shall mean listed securities which are in physical form and are cleared and settled through the Exchange.

10.2. APPLICATION FOR TRADING:

A TRE Certificate Holder admitted as Securities Broker desiring to become eligible for trading under Ready Delivery Contract Market shall be required to submit application with the Exchange.

10.3. READY DELIVERY CONTRACT TRADING:

10.3.1. Trading in Ready Delivery Contracts shall be conducted under these Regulations with such modifications, alterations and additions as may be made from time to time by the Board with prior approval of the Commission.

10.3.2. Trading in Ready Delivery Contracts shall take place through the Trading System.

10.3.3. When a buyer/seller accepts offer/bid of a Ready Delivery Contracts, the said Contract shall be deemed to have taken place between the buyer and the seller.

10.3.4. All offers/bids made may be accepted for up to the limit of the offer/bid and the Securities Broker making an offer/bid shall be bound by the terms of the Ready Delivery Contracts.

10.3.5. All trades in the Ready Delivery Contract Market shall be conducted by Securities Brokers for and on behalf of their clients or for their own proprietary position under registered client codes duly mapped with the UIN.

10.4. TRADING IN SECURITIES:

10.4.1. *BOOK-ENTRY SECURITIES*:

(a) The Exchange shall notify from time to time the securities which are eligible for trading at the Ready Delivery Contract Market;
(b) The Exchange shall allow its Securities Brokers to trade Book-entry Securities through its Ready Delivery Contract Market in such lot as prescribed in the NCSS Procedures made under NCCPL Regulations.

(c) The Exchange will transmit all trades to the Clearing Company for their clearing and settlement on NCSS in accordance with NCCPL Regulations and Procedures there under.

10.4.2. *PHYSICAL FORM SECURITIES*:

(a) The Exchange shall allow its Securities Brokers to trade shares in physical form in exceptional circumstances such as the buy-back of physical shares as per these Regulations, through the Ready Delivery Contract Market in such lot as prescribed by the Exchange from time to time.

(b) The Clearing House will clear and settle trades in physical securities with following mechanism:

(i) Every buying Securities Broker will be required to settle his money obligations with the Clearing House, which may be determined after taking into account all applicable fees and charges as prescribed in the Schedule of Charges and other taxes/levies etc. Provided such Securities Broker has delivered its all net-sold Securities as per instructions issued through Delivery Orders of respective settlement date.
(ii) Every selling Securities Broker shall be required to deliver shares to the buying Securities Brokers as per the instructions issued by the Clearing House through Delivery Orders.

(c) If the delivery is made pursuant to a sale in Ready Delivery Contract Market in lots smaller than the lots, as prescribed by the Exchange, the buying Securities Broker cannot refuse the delivery, if the lots delivered can be rounded-up into a lot or multiple thereof. The buying securities Broker, however, shall have the right to deduct the extra transfer fees, if charged, under whatever name, at the rate levied by the Issuer concerned, if there are more than one transfer form.

The deduction in respect of extra transfer forms, if any, involved in delivery of lots smaller than the lots, as notified the Exchange, but rounded-up into a lot, shall not be permissible if transfer fee is not charged by the company concerned.

(d) Once a physical security is declared as an Eligible Book-entry Security by the CDC, the Exchange will not allow any physical settlement of trades taking place on or after the eligibility date in such security.

10.5. TRADING AND SETTLEMENT CYCLE:

10.5.1. *FOR BOOK-ENTRY SECURITIES*:

(a) Ready Delivery Contracts in a Book-entry Securities executed during a trading day shall be settled on T+2 Settlement Cycle through NCSS unless NCCPL in coordination with the Exchange decides otherwise in accordance with NCCPL Regulations and NCSS Procedures made thereunder.
(b) Ready Delivery Contracts in a physical security executed during a trading day shall be settled on T+2 Settlement Cycle through the Clearing House in a manner prescribed by the Exchange.

(c) Ready Delivery Contract in a Security will be declared for settlement on T+2 Settlement Cycle on ex-entitlement basis at least two Settlement Days before the Book Closure start date of such Security, if its Books are closed for determining any entitlement for shareholders by the Issuer.

10.5.2. *FOR UNPAID LETTER OF RIGHTS (LoRS)*:

(a) The LoRs for Book-entry Securities will be managed in accordance with the Procedures framed by CDC for Induction of Unpaid Rights into CDS. However, LoRs for physical security will be managed by the Exchange in accordance with its own procedures.
(b) The Exchange may allow trading in the LoRs for a period not less than fifteen days and not exceeding thirty days prior to the last date of payment fixed by the Issuer and shall discontinue its trading atleast five (5) Working/Settlement Days prior to the last date of payment.
(c) Ready Delivery Contract in the Book-entry form LoRs will be settled through the NCCPL on T+2 Settlement Cycle. However, Physical form LoRs will be settled through the Clearing House of the Exchange on T+2 Settlement Cycle also.

10.6. DETERMINING EX-PRICE OF SECURITY ON BOOK CLOSURE – 2 SETTLEMENT DAY:

If the Books of a Security are closed for determining any entitlement for its shareholders by the Issuer, the Exchange shall determine the ex-price based on the mechanism prescribed by the Exchange, as an opening price for the Trading Day falling on two Settlement Day before its Books Closure start date. However, detailed ex-price calculation methodology shall be made available on PSX website.

10.7. SETTLEMENT FAILURE:

10.7.1. A Securities Broker failing to settle money and/or delivery obligations on his trades in physical security shall be dealt in accordance with default management regulations prescribed in Chapter 21 of these Regulations.

10.7.2. A Securities Broker failing to settle money and/or delivery obligations on his trades in Book-entry Securities shall be dealt in accordance with the default management regulations of the NCCPL and Exchange.

10.8. BUYING BROKERS' OBLIGATIONS ON RECEIPT OF PHYSICAL FORM SECURITIES:

10.8.1. *MANDATORY TRANSFER OF SHARES:*

In all trades of physical shares, the buying Securities Brokers shall be deemed to have given an undertaking to the selling Securities Broker that the shares shall be lodged with the Issuer for registration in the name of the buyer within fifteen days from the date of the delivery of such shares.

10.8.2. *NOTIFICATION OF NON-DELIVERY BY THE BUYING SECURITIES BROKER:*

Buying Securities Brokers are required to notify to the Clearing House for non-receipt of deliveries, if any, before opening of Ready Delivery Contract Market on next Trading Day after the Settlement Day on which fail deliveries are due.

10.8.3. *BUYING IN OPEN MARKET:*

On receipt of notification from the buying Securities Broker for non-receipt of deliveries from selling Securities Broker, the Clearing House may initiate buy-in process in accordance with the prescribed manner, preferably on notification date, at the risk and cost of defaulting selling Securities Broker. However, the Clearing House shall be required to give notice to defaulting selling Securities Broker before initiating buy-in process and advise to deposit (in addition to the settlement obligations of undelivered securities) the non-delivery charges for each non-delivery per security at the rate as specified in the Schedule of Charges.

10.8.4. *NON-ACCEPTANCE OF NOTIFICATION FOR SQUARING-UP FROM BUYING SECURITIES BROKER:*

The Exchange shall not entertain any notification for buy-in of failed deliveries if not received before opening of Ready Delivery Contract Market on next Trading Day after the Settlement Day on which such delivery was due.

10.8.5. *FORFEITURE OF RIGHTS:*

A Securities Broker who fails to exercise his right to buy-in in the manner provided in these Regulations shall forfeit all rights of recourse through the Exchange against the Securities Broker in default, unless such Securities Broker proves to the satisfaction of the Board that he did not exercise his right to buy-in on the written request of the Securities Broker in default.

10.8.6. *DELAY IN BUYING-IN:*

If the buying-in is not effected within the period prescribed in these Regulations, and if the Securities Broker buys-in, through Clearing House, at a later date and satisfies the Exchange that it was impracticable to buy-in earlier than he did, Arbitration Panel may allow damages, on the basis of the rates at which the Securities were bought-in at such other rates as the Exchange may determine.

10.8.7. *TENDER BY SELLER BEFORE NOTICE*:

The buying Securities Broker must accept and pay for the physical security any time prior to execution of buy-in pursuant to Regulation 10.8.3.

10.8.8. *TENDER BY SELLER AFTER NOTICE*:

If the buying Securities Broker has issued notice of his intention to buy-in physical security for default in delivery, and if the selling Securities Broker, before the securities have been bought-in, makes a proper tender of such Securities, the buyer must accept delivery and pay for such Securities.

10.8.9. *SECURITIES BOUGHT-IN OR SOLD-OUT BUT UNDELIVERED OR UN-PAID:*

(a) Securities bought-in but not delivered on the next trading day may be again bought-in for immediate delivery without further notice and any loss shall be paid by the Securities Broker causing such further buying-out.
(b) Securities sold-out and not paid for on the next trading day may be again sold out for immediate delivery without further notice and any loss shall be paid by the Securities Broker failing to pay.

10.8.10. *BID BY BUYER OR SELLER BARRED:*

A Securities Broker in default on whose account the buying-in or selling-out is affected shall not be permitted to make a bid or offer.

10.8.11. *DEDUCTIONS OF DIVIDENDS:*

The buyer is entitled when paying for shares on which a dividend, interest, bonus etc., has been recommended or declared, and for which the transfer books of the Issuer were closed before delivery, to deduct the dividend, interest, bonus, rights etc., declared or recommended, provided that the Securities Broker of the Exchange through whom the trade shall have been effected shall be personally responsible for effecting adjustments finally between the buyer and the seller when the dividend is actually paid.

10.8.12. *STAMP AND TRANSFER DEED:*

Stamp duties payable under Stamp Act, 1899 and fees charged by the Issuer registering transfers of Securities and known as 'transfer fees' shall be paid by the buyer.

10.8.13. *SETTLEMENT INSIDE THE EXCHANGE:*

The buying Securities Broker or one of his authorized representatives shall be present in the Exchange premises for the purpose of receiving delivery of Securities and the selling Securities Broker shall not be obliged to deliver the Securities at the office of the buying Securities Broker outside the Exchange premises.

10.8.14. *LIABILITIES OF SECURITIES BROKERS:*

The Securities Brokers shall not be personally liable between themselves for interest, dividend, bonus or rights on Securities sold by them when such shares, were delivered to the buyer at least one Settlement Day before the Book Closure start date of the Issuer to enable the buyer to get the Securities transferred to his name, but nothing in this Regulation shall affect the rights and obligation of buyer and sellers between themselves as constituents or principals for the recovery of such interest, dividends, bonus or rights.

10.8.15. *APPLICATION FOR RIGHT SECURITIES:*

The buyer is entitled to new Securities issued in right of existing Securities, provided that he specially claims the same in writing from the seller not later than 1:00 P.M. on second trading day preceding the latest day fixed for receipt of applications by the Issuer.

Notwithstanding the provisions of the above clause, the seller if he is in possession of the new Securities, shall be responsible to the buyer for the same, if claimed by him before 1:00 P.M. on the day following the last trading day fixed for the receipt of applications by the Issuer, and in case he is not in possession of the new Securities, he is bound to reimburse the buyer the difference between the cum-price and ex-price.

10.8.16. *LETTERS OF RENUNCIATION:*

Rights are to be settled by letters of renunciation when practicable, when proper letters of renunciation are delivered or tendered to the buyer before 2:00 P.M. on the day proceeding the last trading day fixed for the receipt of application, the seller shall be relieved of all further liability in respect of all such rights. A Securities Broker shall not be bound to accept letters of renunciation not tendered within the time provided in this Regulation.

10.8.17. *NON-DELIVERY OF LETTERS OF RENUNCIATION:*

If the settlement of claims to rights is not made by letters of renunciation by reason of the failure of the seller to deliver such letters within the time prescribed above, the seller shall bear any extra expense of transfer incurred, provided that when no letters of renunciation are issued or recognized by the Issuer, the expenses of transfer shall be borne by the buyer.

10.8.18. *TEMPORARY SETTLEMENT:*

When Securities are sold cum-rights and are delivered after the closing of the transfer books for rights and when new securities cannot be obtained by letters of renunciation, the Exchange shall fix a price which may be deducted by the buyer from the purchase money of the existing Securities.

The buyer shall pay that price, namely, the balance due on the contract when the seller delivers the new Securities at any time on or before the trading day fixed by the Exchange for the settlement of rights.

10.9. DOCUMENTS AND REGISTRATION:

10.9.1. *REGULARITY AND GENUINENESS OF DOCUMENTS*:

A Securities Broker who has received payment against delivery of necessary documents, either on his own account or on behalf of his client, shall be personally responsible to the Securities Broker to whom the same are delivered for their title, regularity and genuineness. Provided that the documents shall be lodged with the Issuer for registration by or on behalf of the purchaser or any subsequent purchaser maximum within two years from the date of the receipt of such documents provided however where the books of the Issuer are closed earlier than two years for any entitlement then up to period of book closure; or where CDC has declared the Issuer as eligible securities for CDS earlier than two years then within 12 months from the date of notification by CDC to declare the Issuer as eligible for CDS, whichever comes earlier.

If after lodging the request of transfer within the above mentioned timeframe the Issuer returns the shares either with or without objections or refuses to register any transfer for any reason whatsoever the selling Securities Broker shall within seven days of receipt of a notice from the buying Securities Broker informing him of such return of the shares or refusal of registration by the Issuer, as the case maybe, replace the Securities. Provided however that the buying Securities Broker shall issue such notice not later than fifteen days from the date of return of Securities or refusal of registration, as the case maybe, by the Issuer.

If the documents are not lodged within the prescribed periods then except in case of fraud or bad faith on the part of the selling Securities Broker or of his client, the liability of the selling Broker to both the buying Securities Broker and the client and the liability of the buying Securities Broker to his client, shall cease in all respects.

Provided further that the date of lodging the claim with the Exchange for replacement of Securities from the buying Broker shall be deemed to be the date for determining the liability of the selling Securities Broker.

10.9.2. *LIABILITY OF CLIENTS*:

Nothing in this Regulation shall affect the liability of the clients (which term shall in cases where a Securities Broker has dealt on his account include such Securities Broker) from whom the Securities Broker may have received the documents in any action at law or in any other proceedings. The Securities Broker who delivered the documents shall however be bound to render every assistance to the buyer in any proceedings he may take against the seller.

10.9.3. *REPLACEMENT OF IRREGULAR DOCUMENTS AND REFUND*:

(a) If a Securities Broker, to whom the documents are delivered, gives intimation in writing to the Securities Broker who delivered them of his objections as to their title, regularity or genuineness as soon as it comes to his knowledge, the Securities Broker who delivered them shall within a week from the date of such intimation remove any irregularity or establish the title or genuineness of the documents; as the case may be, or deliver other regular, genuine and valid documents, but in the event of such Securities Broker, failing to deliver such other documents he shall refund on return of the documents the moneys paid against such documents provided that the documents were lodged for registration within prescribed period from the receipt thereof as provided under regulation 10.9.1 above.

(b) A refund of the price on the return of documents shall not operate as cancellation of the contract, and if the selling Securities Broker within the prescribed period from the refund tenders to the buying Securities Broker regular, genuine and valid documents, the buying Securities Broker shall be bound to accept such documents in fulfillment of the original contract and pay the purchase price.

10.9.4. *BUYING-IN ON NON-TENDER:*

If the selling Securities Broker fails to tender such documents within such period, the buying Securities Broker shall be entitled to give notice of buy-in of the Securities against him to the Exchange as provided in Regulation 10.8.2. above.

10.10. SALES NOT CONDITIONAL ON TRANSFER:

Subject to the requirements of the Regulation 10.11., a sale of Securities is not conditional on the Issuer transferring the Securities in the name of the buyer. The only obligation on the seller on the sale of Securities is to tender delivery of the genuine share certificates representing the Securities with a properly executed transfer deed.

Such seller shall not be deemed to guarantee that the Issuer will transfer the Securities in the name of the buyer and shall incur no liability by reason of the refusal of the Issuer in exercise of the power vested in it under its articles of association to refuse transfer of such Securities.

Explanation:
A transfer deed signed on behalf of the seller by a person purporting to be his constituted attorney shall not be considered a properly executed transfer deed if the power of attorney in question is conditional and not absolute.

10.11. FRESH TRANSFER DEED ON REFUSAL BY COMPANY:

When an Issuer refuses to register a transfer on the ground of any objection, the transferor shall, on request of the transferee and on the return of original transfer deed to him for cancellation, execute a fresh transfer deed in favor of the transferee.

10.12. COMPANY IN LIQUIDATION:

If an Issuer has been wound up on the date of the contract or is wounds up during the time between the dates of the contract and the date of Settlement, the seller shall be entitled to recover from the buyer the purchase money even though the liquidator refuses to consent to the transfer. If the buyer cannot get the Securities transferred in his name, the seller shall, if required to do so by the buyer and at the buyer's cost, assign his title to and his rights in such Securities to the buyer and shall execute a power of attorney in favour of buyer to enable him to recover any distribution amount and dividend becoming payable after the date of the contract in respect of such Securities.

10.13. DISPUTE AFTER REGISTRATION:

When the official certificate of registration of transfer of Securities bought has been issued by the Issuer, neither the selling Securities Broker nor the buying Securities Broker shall be personally responsible to the buyer for any subsequent dispute to the title unless bad faith or fraud is alleged against any such Securities Broker or unless such Securities Broker has dealt on his own account. Nothing in this Regulation shall affect the liability of the transferor or actual seller who may have received payment against delivery of securities, in any action at law or in other proceedings. The provisions of this Regulation shall apply only to the rights and obligations of Securities Brokers inter-se.

10.14. SHORT SALE:

10.14.1. Short Sale under Ready Delivery Contract Market shall be executed through a special Short Sale order window designated in the Trading System for Short Sale in the manner and procedure as may be prescribed by the Exchange from time to time.

10.14.2. Short Sale when executed without Up-tick or Zero-Plus Tick shall be allowed up to the following extent:

(a) **UIN-WIDE POSITION:**
A UIN will be allowed to make short sale to the maximum quantum as may be specified by the Exchange from time to time.

(b) **SECURITIES BROKER-WIDE POSITION:**
A Securities Broker for its all UINs including its clients' positions will be allowed to make short sale to the maximum quantum as may be specified by the Exchange from time to time.

(c) **MARKET-WIDE POSITION:**
All Securities Brokers on cumulative basis will be allowed to make short sale to the maximum quantum as may be specified by the Exchange from time to time.

10.14.3. The exemptions mentioned in Regulation 10.14.2. above shall not be available in the following cases:

(a) when lower circuit breaker becomes applicable on the Closing Price of a Security, the exemptions shall not be available for the next two trading days or for such period as may be specified by the Exchange;

(b) when lower circuit breaker becomes applicable on the Closing Price of a Security consecutively for five trading days or such number of days as specified by the Exchange, the exemptions shall not be available for next fifteen trading days after the fifth trading day or for such period as specified by the Exchange.

10.15. PROHIBITION ON BLANK SALES:

No Securities Broker shall make any Blank Sale in the Ready Delivery Contract Market either for its own account or for its clients, except the Designated Market Maker which shall be allowed to execute Blank Sale in Assigned Security within the limits allowed as per Chapter 12 of these Regulations.

10.16. SHORT SALE PREREQUISITES:

10.16.1. No Securities Broker shall make a Short Sale on its proprietary account or client's account unless such short sale:

(a) is made at an Uptick or Zero-Plus Tick; except as stated in Regulation10.14.3. above; and

(b) is declared as a Short Sale at the time of placement of order through Trading System in a special Short Sale Order Window designated in the Trading System for the purpose.

Provided that a Securities Broker shall not enter a Short Sale order in the Trading System if the client has not indicated whether the sale order is a Short Sale or a Sale. For this purpose, the Securities Broker shall ensure that the necessary procedures and systems are implemented to facilitate compliance with this requirement.

10.16.2. Short Seller will have to make delivery of the net shares involved in the Short Sale on the day of settlement.

10.17. CRITERIA FOR SECURITIES ELIGIBLE FOR SHORT SELLING:

Short Sale shall only be allowed in Category A of SLB Eligible Securities, as prescribed by the NCCPL from time to time, based on the criteria prescribed under the NCCPL Regulations.

10.18. PROHIBITION:

No Securities Broker who has unsettled Margin Trading or Margin Financing Transactions as a financier on its Proprietary Account or on Clients' Accounts against delivery of securities shall use the same securities for Short Sale.

10.19. PUBLICATION OF REPORT:

The Exchange shall report at the close of market every day the aggregate volume of executed Short Sale for the information of public.

10.20. TEMPORARY PROHIBITION ON SHORT SALE:

The Board may with the prior approval of the Commission and after notice to the Securities Brokers, temporarily prohibit Short Sale completely for a specified period with any extension thereof.

10.21. DISCIPLINARY ACTION(S) ON NON-COMPLIANCES:

In case of non-compliance of any of the above provisions, the disciplinary actions shall be taken in accordance with the relevant provision of Chapter 20 of these Regulations.

Chapter 11: DELETED

Chapter 12: MARKET MAKERS REGULATIONS

12.1 DEFINITIONS:

In this chapter, the following expressions shall, unless the context requires otherwise, have the meanings herein specified below:

(a) "Assigned Security" shall mean the Listed Security or Derivative Contract designated by the Exchange from time to time for which a Designated Market Maker has been appointed by the Exchange for market making.
(b) "Designated Broker" shall mean a Securities Broker performing market making activities on behalf of the company specified in clause 12.3.2.1.(b), (c), (d) and (e) through a bilateral arrangement which shall make available the bids and offers either sequentially or simultaneously in the Assigned Security;
(c) "Designated Market Maker Agreement" shall mean an agreement executed between the Designated Market Maker and the Exchange to perform market making activities under these Regulations.

12.2 APPLICABILITY:

These Regulations shall be applicable for Market Making in all Listed Securities and Derivative Contracts traded on the Exchange.

12.3. DIVISION 1 - DESIGNATED MARKET MAKERS:

12.3.1. Qualifications and Application of Designated Market Makers:

A company may apply to the Exchange to be a Designated Market Maker by submitting an application on a prescribed format and executing a Designated Market Making Agreement.

12.3.2. Appointment of Designated Market Makers:

12.3.2.1. The Exchange may appoint any of the following companies as Designated Market Maker for an Assigned Security:

(a) A Securities Broker, based on the eligibility criteria including but not limited to the minimum capital, required technology, trained personnel and satisfactory compliance history and past track record in dealing with complaints and arbitration award(s).
(b) A Banking Company, as defined under the Banking Companies Ordinance, 1962;
(c) A Development Finance Institution (DFI);
(d) A Collective Investment Scheme (CIS) as defined under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Constitutive Document allows such CIS to act as Market Maker; and
(e) Any other company permitted by the Exchange and approved by the Commission.

Provided that an eligible Market Maker, other than a Securities Broker, must comply with the eligibility criteria specified by the Exchange which shall include minimum rating, required technology, trained personnel etc. Such market maker must have obtained prior written consent from Designated Broker(s).

The Exchange may consult the issuer but reserves the right to make the final decisions in all Designated Market Maker assignments matters.

12.3.2.2. Upon application, the Exchange may:

(a) approve an applicant;
(b) defer approval pending receipt of further information concerning the applicant's qualifications to be appointed a Designated Market Maker; or
(c) refuse the application for such factors as it considers relevant after providing an opportunity of making a representation before the approving authority.

12.3.2.3. An applicant whose application is refused may not make another application for a period of 90 days from the date of refusal.

12.3.2.4. A Securities Broker that is approved as a Designated Market Maker agrees to:

(a) maintain its status as a Securities Broker of the Exchange; and
(b) take all commercially reasonable steps to ensure that it complies with all requirements to act as a Designated Market Maker. Where the Designated Market Maker does not comply with such requirements it will immediately notify the Exchange of such failure in writing. Such notification will include specific information as to the nature of such failure to comply.

12.3.2.5. A Securities Broker that is approved as a Designated Market Maker agrees that it has and will continue to have necessary resources, including trained personnel and technology, to allow it to carry out all if its obligations pursuant to the Designated Market Maker Agreement and these Regulations and/or any requirements/guidelines to be specified by the Exchange.

12.3.2.6. The Exchange may restrict, suspend or revoke the Designated Market Maker's appointment as a Designated Market Maker for any or all Assigned Securities or attach such additional terms or conditions to the Designated Market Maker Agreement as the Exchange deems to be necessary, where:

(a) the Designated Market Maker fails to comply with any term of the Designated Market Maker Agreement, these Regulations or if the Designated Market Maker fails to consistently perform at an adequate level to the satisfaction of the Exchange (determined in the Exchange' sole discretion);
(b) the Exchange determines, in its sole discretion, that the Designated Market Maker or its officers, employees, directors or agents have violated any applicable Exchange Requirements;
(c) the Exchange believes, in its sole discretion, that the Designated Market Maker cannot or may not in the future carry out its obligations as a Designated Market Maker under these Regulations or the Designated Market Maker Agreement;
(d) the Exchange has determined, in its sole discretion, that the Designated Market Maker or its officers, employees, directors or agents have in any way acted in a manner that is detrimental to the interests of the Exchange or the public.

The Exchange shall disseminate to the market as soon as possible the information relating to imposition of restriction, suspension or revocation of appointment of Designated Market Maker.

12.3.2.7. A Designated Market Maker for an Assigned Security must designate a Designated Market Maker Approved Trader and backup trader acceptable to the Exchange.

12.3.2.8. A Designated Market Maker for an Assigned Security must appoint, in writing, a trading officer, or director of the Securities Broker as its Designated Market Maker Contact.

12.3.2.9. The Designated Market Maker Contact:

(a) serves as the primary contact with the Exchange, with authority to speak for the Securities Broker concerning its activities as a Designated Market Maker; and
(b) manages the Securities Broker's market making responsibilities.

12.3.2.10. The Designated Market Maker shall implement policies and procedures to monitor the conduct for compliance with these Regulations applicable to the Designated Market Maker, and changes to such policies.

12.4. RESPONSIBILITIES OF DESIGNATED MARKET MAKERS FOR THEIR ASSIGNED SECURITIES:

12.4.1. A Designated Market Maker must trade for its own account in a sufficient degree to assist in the maintenance of a fair and orderly market and achieve reasonable price continuity and liquidity for each Assigned Security.

12.4.2. The Designated Market Maker shall keep its market making activities separate from other trading activities. For this purpose, the Designated Market Maker shall:

(a) Register separate UIN and allocate client code(s) for market making activities;
(b) Maintain separate ledger account(s);
(c) Open and maintain separate CDC Account for Market Making Inventory; and
(d) Ensure that its approved trader(s) for market making activities shall not indulge in normal trading activities.

12.4.3. The responsibilities of a Designated Market Maker for an Assigned Security include:

(a) meeting obligations as required by the applicable Designated Market Maker Agreement; and
(b) facilitating the opening, delayed opening, and resumption of trading following a circuit breaker/ trading halt as specified in these Regulations.

12.4.4. Each Designated Market Maker is subject to and must follow the Exchange's Designated Market Maker Code of Conduct, which is shared with each Designated Market Maker upon joining and published on the Exchange's website, as amended from time to time.

12.4.5. The Exchange will publish the list of Designated Market Makers and their Assigned Securities, and the Designated Market Maker obligations on its website.

12.4.6. The Designated Market Maker shall be allowed to execute Blank Sale in Assigned Security subject to the condition that sufficient Pre-Existing Interest exists in the account(s) of Designated Market Maker at the end of each Blank Sale day to validate that the Designated Market Maker can deliver the quantity sold blank during the trading day, failing which the NCCPL shall have the right to impose additional margin on such Market Maker.

12.4.7. The Designated Market Maker shall be allowed to execute Blank Sale as per Clause 12.4.6 maximum up to such limit as may be specified by the Exchange for different markets in consultation with NCCPL.

12.4.8. Subject to the position limits as per Clause 12.4.7, the Designated Market Maker shall be allowed to execute Blank Sale as per Clause 12.4.6. without Up-Tick or Zero-Plus Tick up to the following extent:

(a) **Broker-Wide Position:** Maximum up to such limit as may be specified by the Exchange for different markets in consultation with NCCPL.
(b) **Market-Wide Position (All Designated Market Makers on cumulative basis):** Maximum up to such limit as may be specified by the Exchange for different markets in consultation with NCCPL.

12.5. TERMINATION OF RESPONSIBILITIES DUE TO EVENTS:

12.5.1. A Designated Market Maker's obligations with respect to a right, warrant or similar security terminate a maximum of 10 business days prior to the expiry date of the security.

12.5.2. The Exchange may suspend or terminate a Designated Market Maker's responsibilities where a corporate action or other unusual circumstance makes it impractical for the Designated Market Maker to carry out its responsibilities.

Provided that the ordinary market volatility will not be considered to be an "unusual circumstance" for the purposes of this clause.

12.6. NOTIFICATION:

12.6.1. A Designated Market Maker must give the Exchange at least 10 business days' prior notice of any change in the Designated Market Maker Contact, the Designated Market Maker Approved Trader or backup, unless circumstances make such prior notice impossible, in which case notice must be given as soon as possible.

12.6.2. A Designated Market Maker must inform the Exchange immediately if market conditions in any of its Assigned Securities has changed such that it is not possible for the Designated Market Maker to carry out its responsibilities.

12.6.3. A Designated Market Maker must give the Exchange at least 60 days' prior written notice that it intends to relinquish its responsibilities in an Assigned Security, unless the Exchange has consented to a shorter notice period.

12.7. TRANSITION:

12.7.1. The Exchange will provide Notice to all TRE Certificate Holders as soon as practicable following the termination of a Designated Market Maker's assignment(s).

12.7.2. Any transfer of an assignment occurs on the date of the assignment to a new Designated Market Maker.

12.8. DIVISION 2 — ASSIGNMENT OF SECURITIES AND OTHER MATTERS:

Assignment of Securities:

12.8.1. The process and guidelines for the assignment of securities to a Designated Market Maker will be set out by Notice by the Exchange, as amended from time to time.

12.8.2. The Exchange may reassign a security if:

(a) the number of Designated Market Makers increases;
(b) the Designated Market Maker for that security requests a reassignment due to specific circumstances; or
(c) the Exchange withdraws its approval of the Designated Market Maker for that security.

12.8.3. Any reassignment will be made in accordance with the Exchange procedures set out under this Clause 12.8.

12.9. DIVISION 3 – ASSESSMENT OF PERFORMANCE OF DESIGNATED MARKET MAKERS:

ASSESSMENT OF PERFORMANCE:

12.9.1. As set out in the applicable Designated Market Making Agreement, the Exchange shall assess from time to time and at least quarterly the performance of Designated Market Makers based on the performance assessment criteria prescribed by the Exchange from time to time.

12.9.2. On completion of the quarterly assessment of performance, or any other assessment by Exchange, the Exchange may, based on such factors as it sees fit:

(a) continue the appointment of the Securities Broker as a Designated Market Maker in any or all of its Assigned Securities;
(b) impose additional terms and conditions on the Designated Market Maker; or
(c) withdraw approval of the Securities Broker as a Designated Market Maker in any or all of its Assigned Securities.

12.9.3. Although the Exchange may consult issuers for the appointments of Designated Market Makers, the Exchange may withdraw approval of or impose additional terms and conditions on a Designated Market Maker, a Designated Market Maker Contact, or any Designated Market Maker Approved Traders or backups, if the Exchange determines that any of these parties has contravened or is contravening any Exchange requirement.

Chapter 12A: MARKET MAKERS REGULATIONS FOR LISTED DEBT SECURITIES INCLUDING GOVERNMENT DEBT SECURITIES

12A.1. DEFINITIONS:

In this chapter, unless the subject or context requires otherwise:

(a) "Ask Price" means the price at which the Market Maker is willing to sell a listed debt security.
(b) "Bid Price" means the price a Market Maker is willing to pay for the purchase of listed debt security.
(c) "Eligible Entities" means that entities that are eligible to act as Market Maker for listed debt securities.
(d) "Market Maker Agreement" shall mean an agreement executed between the Market Maker and the Exchange to perform market making activities under this chapter.
(e) Market Maker" means a person eligible under this chapter to undertake Market Making in listed debt securities including GDS.
(f) Market Making means quotation of bid and ask price by a Market Maker to create liquidity in listed debt securities including GDS.

12A.2. APPLICABILITY:

These Regulations shall be applicable for Market Making of listed Debt Securities including Government Debt Securities.

12A.3. ELIGIBILITY OF MARKET MAKER:

The following entities can apply to the Exchange for appointment as Market Maker for one or more listed Debt Securities:

(a) A Securities Broker licensed by the Commission. OR
(b) A Scheduled Bank. OR
(c) A Development Financial Institution. OR
(d) An Asset Management Company for and on behalf of a Collective Investment Scheme as defined under the Non - Banking Finance Companies and Notified Entities Regulations, 2008. OR
(e) Investment Finance Services license holder (IFS). OR
(f) Primary Market Dealers (PDs) registered with the State Bank of Pakistan for market making of Government Debt Securities. OR
(g) Any other Company notified by the Commission.

Provided that above entities must hold valid respective license(s).

The Eligible Entities shall be connected with the Trading System of the Exchange for performing market making activities on such terms and conditions as may be prescribed by the Exchange from time to time.

12A.4. PROCEDURE FOR APPOINTMENT AS MARKET MAKER:

12A.4.1. For appointment as Market Maker, the Eligible Entities shall apply to the Exchange by submitting an application specifying the name of listed Debt Securities for which they want to act as Market Maker.

Provided further that Eligible Entities can act as Market Makers for one or more listed Debt Securities.

Provided that PDs shall only be required to inform the Exchange about the listed Debt Securities for which it wants to act as Market Maker.

12A.4.2. The Exchange, on being satisfied that the entity holds valid license/ registration from their respective regulator/ organization, may allow it in writing to act as Market Maker by executing Market Making Agreement.

Provided further that Market Maker can add/ remove any listed Debt Security for market making in Market Making Agreement with the Exchange.

Provided that in case of PDs, formal Market Making Agreement shall not be applicable. PDs shall only intimate the listed debt securities (in addition to GDS) for which they shall be performing the role of Market Maker.

Provided further that requirement of Market Making Agreement shall be applicable on PDs only if the PDs do not quote bid and ask price on daily basis in Government Debt Securities through the Trading System.

12A.5. ROLES AND RESPONSIBILITIES OF MARKET MAKER:

The Market Maker shall:

(a) daily quote on Trading System, the bid and ask price along with number of listed debt securities that it is willing to buy or sell at that price.
(b) report any Off Market Transactions executed by it with other Market Makers to the Exchange through electronic mode at the end of each trading day for placement on PSX website.
(c) Ensure that the System provided by the Exchange for performing market making activities shall only be used for market making.
(d) follow the Market Maker Code of Conduct prescribed by the Exchange, which is shared with each Market Maker upon joining and published on the Exchange's website, as amended from time to time.

(e) be allowed to execute Blank Sale subject to the condition that sufficient Pre-Existing Interest exists in the account(s) of Market Maker at the end of each Blank Sale day to validate that the Market Maker can deliver the quantity sold blank during the trading day, failing which the NCCPL shall have the right to impose additional margin on such Market Maker.

(f) Be allowed to execute Blank Sale as per Clause (e) maximum up to such limit as may be specified by the Exchange in consultation with NCCPL.

(g) Be allowed to execute Blank Sale as per Clause (e) and (f) above, without Up-Tick or Zero-Plus Tick up to the following extent:

i. **Broker-Wide Position:** Maximum up to such limit as may be specified by the Exchange in consultation with NCCPL.

ii. **Market-Wide Position (All Market Makers on cumulative basis):** Maximum up to such limit as may be specified by the Exchange in consultation with NCCPL.

(h) notify to the Exchange immediately regarding suspension, cancellation or revocation of license by the respective licensing authority.

12A.6. ASSESSMENT OF PERFORMANCE:

12A.6.1. The Exchange shall assess from time to time and at least quarterly the performance of Market Makers based on the performance assessment criteria prescribed by the Exchange from time to time.

12A.6.2. Based on the assessment of the performance, the Exchange may cancel the market making agreement.

12A.7. SUSPENSION OR CANCELLATION OF MARKET MAKING AGREEMENT/ APPOINTMENT:

The Exchange may restrict, suspend or revoke the Market Maker's appointment for any or all listed Debt Securities for which it is acting as the Market Maker or attach such additional terms or conditions to the Market Maker as the Exchange deems to be necessary, where:

(a) the Market Maker fails to comply with any term of the Market Making Agreement, Market Maker Code of Conduct, these Regulations, any other requirement(s) prescribed by the Exchange,

(b) the Exchange has determined that the Market Maker or its officers, employees, directors or agents have in any way acted in a manner that is detrimental to the interests of the Exchange or the public.

The Exchange shall disseminate to the market as soon as possible the information relating to imposition of restriction, suspension or revocation of appointment of Market Maker.

The Exchange may suspend or terminate a Market Maker's responsibilities where a corporate action or other unusual circumstance makes it impractical for the Market Maker to carry out its responsibilities.

Provided that the ordinary market volatility will not be considered to be an "unusual circumstance" for the purposes of this clause.

12A.8. NOTIFICATION:

12A.8.1. A Market Maker must give the Exchange at least 3 days' prior written notice that it intends to relinquish its responsibilities for a particular listed Debt Security or add any new listed debt security in its market making portfolio.

Provided that for any addition/ deletion in market making portfolio an addendum to the Market Making agreement shall be issued.

Provide further that in case of PDs, where market making agreement is not applicable there is no need for an addendum, they just have to inform the Exchange about the change in market making portfolio.

The Exchange may also make the above provisions part of Market Maker Agreement.

Chapter 13: DELIVERABLE FUTURES CONTRACT MARKET REGULATIONS

13.1. DEFINITIONS:

In this chapter, unless the subject or context otherwise requires:

(a) "Daily Settlement Price" shall mean the Closing Price in the Deliverable Futures Contract Market.
(b) "Deliverable Futures Contract" shall mean Standardized Stock Futures contract which shall be trading under Deliverable Futures Contract Market and settled/delivered in accordance with these Regulations.
(c) "Final Settlement Price" shall mean the Closing Price of the underlying Security in the Ready Market on last trading day of the Current Contract.

13.2. TRADING:

13.2.1. The Exchange shall provide a market for trading in Deliverable Futures Contract by issuing a notice containing the relevant Contract Specifications.

13.2.2. The Contract specifications for the Deliverable Futures Contract shall be as determined by the Board and approved by the Commission.

13.2.3. While opening any Deliverable Futures Contract, the Exchange shall notify the name of the Issuer, date of opening, date of settlement of the said contract and other relevant details.

13.2.4. When a buyer/seller accepts offer/bid of a Deliverable Futures Contract, the said Contract shall be deemed to have been made between the buyer and the seller.

13.2.5. All offers/bids made may be accepted for up to the limit of the offer/bid and the Securities Broker making an offer/bid shall be bound by the terms of the Deliverable Futures Contract.

13.2.6. The Exchange shall issue one standardized 90 days Deliverable Futures Contract each month. However, the Exchange shall also have discretion to introduce Deliverable Futures Contract with shorter and/or longer period than 90 days.

Provided that where a corporate announcement is expected in Security, during a Deliverable Futures Contract period, the Exchange shall be allowed to open more than one Deliverable Futures Contracts of shortened periods in such Security, in 90 days, on cumulative basis and excluding any announcement/ entitlement. Deliverable Futures Contract for different months shall trade simultaneously.

13.2.7. All trades in the Deliverable Futures Contract Market shall be conducted by Securities Brokers for and on behalf of their clients or for their own proprietary position under registered client codes duly mapped with the UIN.

13.3. ELIGIBILITY OF SECURITIES:

The Securities eligible for trading in the Deliverable Futures Contract Market shall be determined and the Deliverable Futures Contract shall be implemented by the Exchange every quarter in accordance with the requirements prescribed for review and notice period under the Futures Eligibility Criteria.

13.4. BLANK SALE AND COMPLIANCE:

13.4.1. A Securities Broker on its proprietary account or client's account in Deliverable Futures Contract Market shall execute:

(a) Sale through normal sale order window in the system if the Broker or the client, as the case may be, either owns the securities or has a Pre-Existing Interest;
(b) Blank Sale and/or Sale (where the broker or the client, as the case may be, either owns the securities or has a Pre-Existing Interest) through special order window designed in the Trading System for Blank Sale;
(c) The combined quantum or value of Blank Sale and the Sale (where the Broker or the client, as the case may be, either owns the securities or has a Pre-Existing Interest) executed through the special order window shall be subject to the maximum threshold.

Explanation: Threshold for the purpose of this chapter shall mean "up to 0.5% of the Free-Float of a scrip or Rs.50 million, whichever is higher, in the Deliverable Futures Contract Market by a Broker on its proprietary or client's accounts on UIN basis subject to maximum of 3.0% of the Free-Float of a scrip by such Broker for all its accounts including proprietary and clients' accounts at any given time during a Contract Period".

Provided where the Broker executes Blank Sale through the normal sale order window as mentioned in sub-clause (a) of this clause due to inadvertent mistake, such Broker shall be required to modify such sale through the interface provided in the Trading System for this purpose during the sale modification session.

Provided further that in case the Broker fails to modify such sale during the sale modification session, the Exchange shall take disciplinary actions in accordance with Chapter 20 of these Regulations.

13.4.2. Pre-Existing Interest in order to remain qualified for the purpose of Sale through normal sale order window shall continue to exist until the sale position in the Deliverable Futures Contract Market is squared off or settled at the expiry of the Deliverable Futures Contract.

13.5. MARGINS:

13.5.1. Any Securities Broker may enter into Deliverable Futures Contracts under these Regulations if he notifies in writing to the Exchange his desire for trading in the Deliverable Futures Contract Market.

13.5.2. Each Securities Broker entering into Deliverable Futures Contract shall pay Mark-to-Market Losses in accordance with NCCPL Regulations.

13.5.3. The Security-wise outstanding positions of Securities Brokers' proprietary account and his client(s) accounts will be revalued at relevant Daily Settlement Price and shall be transferred to the next trading day. The Trading System shall treat such revalued amounts as the traded values, based on which Exposures will be calculated.

13.5.4. In case of failure of any Securities Broker to deposit Exposure Margins/MtM Losses, it shall be subject to such conditions and requirements as prescribed under the NCCPL Regulations.

13.5.5. In case a Securities Broker delays any payment to the NCCPL for meeting any of its obligations in the Deliverable Futures Contract Market beyond the specified time, it shall be subject to such conditions and requirements as prescribed under the NCCPL Regulations.

13.5.6. Upon receipt of a notice from NCCPL regarding suspension of a Broker Clearing Member due to its failure to settle money obligations in the Deliverable Futures Contract Market, the Exchange shall facilitate NCCPL in liquidating, squaring-up and/or closing out the unsettled and open positions of such suspended Securities Broker in accordance with the procedures devised by the NCCPL in consultation with the Exchange.

13.6. CLEARING AND SETTLEMENT:

13.6.1. The NCCPL shall receive payments from Securities Brokers as per the NCCPL Regulations. In case any Securities Broker fails to make any payment to the NCCPL in accordance with the NCCPL Regulations, default proceedings shall be initiated against that Securities Broker under these Regulations and NCCPL Regulations.

13.6.2. In the event of declaration of dividend, bonus, right and privileges pertaining to Securities being traded in the Deliverable Futures Contract Market for which the transfer books of the Issuer are to be closed during the pendency of the settlement, the Exchange shall predate the last day of business and the settlement date of that particular Security before the book closure date.

13.6.3. *DAILY CLEARING*:

(a) There shall be Daily Clearing at the Daily Settlement Price in accordance with the NCCPL Regulations.
(b) The treatment of MtM Profits shall be in the manner as prescribed under the NCCPL Regulations.

13.6.4. *FINAL CLEARING AND SETTLEMENT*:

(a) Final clearing shall take place through NCCPL in the manner as prescribed in NCCPL Regulations and on such settlement basis as notified by the Exchange in the Contract Specifications.
(b) MtM Profits withheld by NCCPL will be paid to the respective Securities Brokers in accordance with the NCCPL Regulations.

13.6.5. *SPECIAL CLEARING*:

NCCPL may announce a special clearing in a particular Deliverable Futures Contract in the manner as prescribed under in NCCPL Regulations.

In case special clearing is announced, trading in any particular Security/Securities shall be suspended by the Exchange upon receipt of Notice from NCCPL. The market shall open upon receipt of subsequent notice from NCCPL in accordance with NCCPL Regulations regarding settlement of MtM losses.

13.7. SUSPENSION OR DISCONTINUATION OF DELIVERABLE FUTURES CONTRACT MARKET:

13.7.1. The Board may at any time, with the prior written approval of the Commission and on such conditions and manner if any as the Commission may specify, permanently discontinue the Deliverable Futures Contract Market, or temporarily suspend the operation of the said market for a specified period of time.

13.7.2. The Board shall, if instructed by the Commission to do so and on such conditions and manner as the Commission may specify, permanently discontinue the Deliverable Futures Contract Market or temporarily suspend the operation of the said market for a specified period of time.

13.8. PUBLICATION OF BLANK SALE REPORT:

The Exchange shall report at the close of market every day the volume of Blank Sale for the information of public in accordance with procedures.

13.9. DISCIPLINARY ACTION(S) ON NON-COMPLIANCES:

In case of non-compliance of any of the above provisions, the disciplinary actions shall be taken in accordance with the relevant provisions of Chapter 20 of these Regulations.

Chapter 14: CASH-SETTLED FUTURES CONTRACT MARKET REGULATIONS

14.1. DEFINITIONS:

(a) "Contract Multiplier" shall mean the number of underlying Securities in the CSF Contract as notified by the Exchange in the Contract Specifications. The CSF contract multiplier is subject to change when adjustments are made with respect to corporate actions in accordance with the Corporate Action Adjustment Methodology prescribed by the Exchange;
(b) "CSF Contract" shall mean, Standardized Single Stock Cash-Settled Stock Futures Contract;
(c) "CSF Market" shall mean the market where Single Stock Cash Settled Futures Contracts are traded;
(d) "Daily Settlement Price" shall mean the Closing Price in the Cash-Settled Futures Contract Market;
(e) "Final Settlement Price" of a CSF Contract shall be the closing price of underlying security in the Ready Market on the expiry date as mentioned in Chapter 19 of these Regulations;
(f) "Open Interest in a Security" shall mean the total number of Contracts, of a Securities Broker and its clients, of a Security that have not been offset and closed at any point in time by an opposite trade. For calculation of open interest only one side of the Contracts is counted;

14.2. TRADING:

14.2.1. The Exchange shall provide a market for trading in CSF Contract by issuing a notice containing the relevant Contract Specifications.

14.2.2. Any Securities Broker may enter into CSF Contracts under this chapter subject to prior notification in writing to the Exchange.

14.2.3. *ELIGIBILITY OF SECURITIES:*
The Securities eligible for trading in the CSF Market shall be determined and implemented by the Exchange based on the CSF Eligibility Criteria.

14.2.4. The Contract specifications for the CSF Contract shall be as determined by the Board with prior approval of the Commission.

14.2.5. When a buyer/seller accepts a bid/offer of a CSF Contract, the said Contract shall be deemed to have been made between the buyer and the seller.

14.2.6. All offers/bids made may be accepted for or up to the limit of the offer/bid and the Securities Broker making an offer/bid shall be bound by terms of the CSF Contract.

14.2.7. Upon opening of any CSF Contract, the Exchange shall notify the name of the underlying stock, dates of opening, closing and settlement of the said Contract and other relevant details as notified by the Exchange in the Contract Specifications.

14.2.8. The Exchange shall have discretionary powers to introduce a contract of 90 days' maturity and/ or any contracts of any other maturity period.

At the time of listing of contract, the Exchange shall notify the details of the Contract Specifications, including the maturity period, in line with clause 14.2.7.

14.2.9. The CSF Contract Multiplier will be adjusted for corporate actions in accordance with the Corporate Action Adjustment Methodology prescribed by the Exchange.

14.3. CLEARING AND SETTLEMENT:

14.3.1. NCCPL shall receive payments from Securities Brokers on settlement days in accordance with the NCCPL Regulations. In case any Securities Broker fails to make any payment to the NCCPL within the specified time, default proceedings shall be initiated against that Securities Broker under these Regulations and NCCPL Regulations.

14.3.2. *DAILY CLEARING AND SETTLEMENT*:
There shall be Daily Clearing at the Daily Settlement Price of the Trading Day and MtM Losses/Profits shall be settled in the manner as prescribed in NCCPL Regulations.
Scrip-wise outstanding position of Brokers will be revalued at relevant Daily Settlement Price by NCCPL.

14.3.3. *FINAL CLEARING AND SETTLEMENT*:
Upon closing of the CSF Contract, final settlement shall take place on T+1 basis and the resulting profits or losses, calculated on the basis of "Final Settlement Price" shall be settled in cash. The payment and collection of profits or losses on final settlement to/from Securities Brokers shall be carried out by the NCCPL within the stipulated time and in the manner as prescribed under NCCPL Regulations.

14.4. SUSPENSION OR DISCONTINUATION OF SINGLE STOCK CASH-SETTLED FUTURES CONTRACT MARKET:

14.4.1. The Board may at any time, with the prior written approval of the Commission and on such conditions and manner if any as the Commission may specify, permanently discontinue the CSF Market, or temporarily suspend the operation of the said market for a specified period of time.

14.4.2. The Board shall, if instructed by the Commission to do so and on such conditions and manner as the Commission may specify, permanently discontinue the CSF Market or temporarily suspend the operation of the said market for a specified period of time.

Chapter 15: INDEX OPTION CONTRACTS MARKET REGULATIONS

15.1. DEFINITIONS:

In this chapter, unless the subject or context otherwise requires:

(a) "At the money" shall mean when the Exercise Price of the Option Contract is at the same level as the Exercise Settlement Index Level. All At the money Option Contracts shall, for the purpose of exercise be considered the same as Out of the money Option Contracts and expire without getting exercised at the end of the Option Contract;
(b) "Call Option" shall mean, the Option Contract which gives the buyer/holder a right to buy the Underlying Index at the Exercise Price at the end of a specified period as per the terms of these Regulations;
(c) "Contract Multiplier" shall mean the numeric value as notified by the Exchange in the Contract Specifications;
(d) "Contract Value" shall mean, the value of Option Contract arrived at by multiplying the Exercise Price with the Contract Multiplier;
(e) "Daily Settlement Price" shall mean, the Weighted Average of the index levels of the Underlying Index during the last hour of trading, multiplied by the Contract Multiplier and expressed in Pakistani Rupees;
(f) "European Style Option Contract" shall mean, an Option Contract, which shall only be exercised on the Expiration Day;
(g) "Exercise Price Interval" shall mean the gap to be maintained between any two successive Exercise Prices as notified by the Exchange in the Contract Specifications of each Option Contract;
(h) "Exercise Price" shall mean, a fixed index level of the Underlying Index which the buyer/holder of Option Contract can buy (in case of Call Option), or sell (in case of Put Option) in accordance with these Regulations;
(i) "Exercise Settlement Index Level" shall mean, the index level calculated based on a set of 121 readings of 15 second intervals (price points) of the underlying index levels taken between the last half an hour of trading. The highest and lowest 20 price points will be ignored and the closing price computed as an average of the remaining 81 price points will be the Exercise Settlement Price for the settlement of the Option Contract;
(j) "Exercise Settlement Value" shall mean, the difference between the Contract Value and the Exercise Settlement Index Level multiplied by the Contract Multiplier and its absolute value expressed in Pakistani Rupees on the Expiration Day;
(k) "Expiration Day" shall mean the day on which the final settlement obligations are determined in the Option Contract;
(l) "In the money" in case of Call Option shall mean, when the Exercise Price of the Option Contract is less than the Exercise Settlement Index Level and in case of Put Option shall mean, when the Exercise Price of the Option Contract is greater than the Exercise Settlement Index Level. All in the money Option Contracts shall be automatically exercised at the end of the Option Contract;
(m) "Open Interest" shall mean the total value and number of Option Contracts of a broker and his clients in a particular Underlying Index which have not been subject of offsetting transactions nor reached Expiration Day. For calculation of open interest only one side of the Option Contract is counted;
(n) "Option Contract" shall mean, a standardized Option Contract which gives the buyer/holder of the Option Contract the right (but not the obligation) to buy and/or sell the Underlying Index at the Exercise Price at the end of the Option Contract;
(o) "Option Seller" shall mean a buyer/holder who squares off an earlier open purchase position in an option contract by selling an option contract in the same Option Series and Option Type;
(p) "Option Series" shall mean, all Option Contracts of a particular Underlying Index having same Exercise Price and Expiration Day;
(q) "Option Type" shall mean the classification of an option as either a Put or a Call;
(r) "Option Writer" shall mean a Securities Broker or any other institution permitted by the Exchange to write Option Contracts based on the eligibility criteria devised by the Exchange with prior approval of the Commission;
(s) "Out of the Money" shall mean in case of Call Option, when Exercise Price of the Option Contract is greater than the Exercise Settlement Index Level and in case of Put Option, when Exercise Price of the Option Contract is less than Exercise Settlement Index Level. All Out of the money Option Contracts shall expire without getting exercised at the end of the Option Contracts;
(t) "Premium" shall mean the price obtained by the product of index points and the Contract Multiplier which the buyer of the Option Contract pays to the Option Writer and/or Seller of the Option Contract for the rights conveyed by the Option Contract. Premium shall be quoted in index points;
(u) "Put Option" shall mean the Option Contract which gives the buyer/holder a right to sell the Underlying Index at an Exercise Price at the end of a specified period as per the terms of these Regulations;
(v) "Underlying Index" shall mean the Index which derives the value of Options Contract and as may be defined by the Board for the purpose of trading in Index Options Market based on the criteria devised by the Exchange and notified in the Contract Specifications.

15.2. TRADING:

15.2.1. The Exchange shall provide a market for trading in Options Contract by issuing a notice containing the relevant Contract Specifications.

15.2.2. All Option Contracts shall be as per the Contract Specifications prescribed by the Exchange from time to time with prior approval of the Commission.

15.2.3. Any Securities Broker may enter into Option Contracts under these Regulations subject to prior notification in writing. Provided that only a Securities Broker who meets the eligibility criteria, as prescribed by the Exchange with prior approval of the Commission, may write Option Contract either for its proprietary position or on behalf of its institutional clients which also meet such eligibility criteria.

15.2.4. The Option Contract as specified in these Regulations shall be deemed to have been executed into when a buyer/seller accepts a bid/offer in the Index Options Market.

15.2.5. All offers/bids made may be accepted for or up to the limit of the offer/bid as prescribed by the Exchange from time to time and the Securities Broker making an offer/bid shall be bound by the terms of the Option Contract.

15.2.6. Upon opening of any Option Contract, the Exchange shall notify the name of the Option Contract, the date of opening and closing of such Option Contract, the date of settlement and other relevant details governing such Option Contract.

15.2.7. There shall be a minimum of fourteen standardized 90 days Option Contracts which shall be issued each month for each Underlying Index.

15.2.8. The Exchange shall notify the number of In the Money, Out of the Money and At the Money Option Contracts in each Option Type which would be required to remain available for trading at all times.

15.2.9. The Expiration Day for the 90 days Option Contracts shall notified by the Exchange in the Contract Specifications. No overlapping period shall be allowed in Options Contracts.

15.2.10. The Exchange shall issue Option Contracts of same Expiration Day at new Exercise Prices on real-time basis using such Exercise Price Interval based on the level of the Underlying Index as notified by the Exchange in the Contract Specifications.

15.2.11. Trading shall be permitted only in available Option Series and opening of new Option Series shall not affect other Option Series opened previously.

15.2.12. Only an eligible Option Writer shall be allowed to write an Option Contract without any open purchase position in such Option Series. Provided that a buyer/holder of an Option Contract may sell an option contract in the same Option Series only to the extent of squaring up an earlier open purchase position in the same Option Series.

15.2.13. There will be no adjustment for cash Dividends, Bonus and Right issue in the Option Contracts.

15.2.14. The Exchange shall place on its website necessary and relevant information with respect to Open Interest and other ancillary trading information on daily basis along with any other report that the Exchange and/or the Commission intends to make available to the public.

15.3. CLEARING, SETTLEMENT AND RISK MANAGEMENT:

15.3.1. The Option Writer would be subject to all applicable margins and MtM Losses as prescribed in NCCPL Regulations, as amended from time to time.

15.3.2. Margins shall be applicable on the buyer of the Option Contract in accordance with NCCPL Regulations, which shall be levied on real-time basis, till the completion of pay-in towards Premium settlement.

15.3.3. The Premium shall be payable by buyer/holder of the Option Contract in cash on such bases as notified by the Exchange in Contract Specifications and distributed onwards by NCCPL to the Option Writer and/or Option Seller in accordance with NCCPL Regulations.

15.3.4. MtM losses determined by NCCPL at the end of a trading day based on the Daily Settlement Price shall be collected by NCCPL in accordance with NCCPL Regulations.

15.3.5. The treatment of MtM profits shall be in the manner as prescribed under NCCPL Regulations.

15.3.6. Exercise Settlement shall take place on such date as notified by the Exchange in the Contract Specifications after expiry of the Options Contract and the resulting profits or losses, calculated on the basis of Exercise Settlement Index Level shall be settled in cash. The collection and payment of profits or losses on Exercise Settlement to/from Securities Brokers shall be done by NCCPL in the prescribed manner as per NCCPL Regulations.

15.3.7. The position limits in the Index Options Market shall be in accordance with NCCPL Regulations.

15.3.8. For the purpose of determining Securities Broker-level and client level Open Interest for calculation of Position Limits, netting shall be in the manner as prescribed under NCCPL Regulations.

Chapter 16: EXCHANGE TRADED FUNDS (ETFs) REGULATIONS

16.1. DEFINITIONS:

In this chapter, the following expressions shall, unless the context requires otherwise, have the meanings herein specified below:

(a) "Asset Management Services" shall have the same meaning as ascribed thereto under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;
(b) "Assets" shall have the same meaning as ascribed thereto under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;
(c) Authorized Participant Agreement" or "APA" means an agreement entered into between the Authorized Participant, Trustee and the Asset Management Company setting out the roles and responsibilities of each party and includes, among other things, the terms and procedures to be adopted by the AMC and AP for the issuance and redemption of creation units and containing at least the matters set-out in Annexure-A attached to Chapter 16 of these Regulations "Exchange Traded Funds (ETF) Regulations"
(d) "Benchmark Index" shall mean an Index approved by the Commission, is specified in the Constitutive Documents of the ETF and against which the performance of ETF is measured;
(e) "Cash Component" shall mean the difference between the applicable Net Asset Value (NAV) of a creation unit and the market value of the Portfolio Deposit. The Cash Component will represent accrued dividend, accrued annual charges including management fees and residual cash in the fund;
(f) "Cash Payment" shall mean the amount equivalent to the cash component multiplied by the number of creation or redemption units; if the cash payment is positive, it shall mean the AP should pay the amount to the AMC when creating ETF units in-kind or the AMC should pay the amount to the AP when the AP redeems ETF units in-kind; if the cash payment is negative, it shall mean the AMC should pay the amount to the AP when the AP creates ETF units in-kind or the AP pays the amount to AMC when it redeems ETF units in-kind;
(g) "Constitutive Documents" shall have the same meaning as ascribed thereto under the Circular No 15 of 2012 issued by the Commission in respect of ETFs;
(h) "Creation Unit" shall mean the specified number of ETF units for issuance and redemption as determined by the AMC and disclosed in the Constitutive Documents;
(i) "Fund" for the purpose of this chapter shall mean an open ended fund, structured as a collective investment scheme, the units of which are traded on the Exchange;
(j) "INAV" shall mean Intra-day Net Asset Value calculated on a current basis (with regular intervals) after incorporating the price change of underlying Securities throughout a Trading Day. INAV is indicative current basis Net Asset Value of an ETF unit that facilitates trading of ETF in the secondary market. The INAV may not be a fair representation of value of the basket especially during the time of ETF rebalancing;
(k) "In-kind Creation" shall mean a portfolio of Securities and the cash component to be delivered by an AP to the AMC either on its own account or on behalf of its clients for Creation of ETF Units;
(l) "In-Kind Redemption" shall mean ETF units being delivered to the AMC by an AP for his own account or on behalf of his clients in exchange for a portfolio of Securities and cash component that forms a creation unit or its integral multiples as specified in the Portfolio Deposit by the AMC;
(m) Net Assets" shall have the same meaning as ascribed thereto in the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
(n) Net Asset Value" means the value of the Net Assets of a Fund;
(o) "Portfolio Deposit" shall mean a pre-defined basket of securities together with a cash payment (if applicable) as per the methodology prescribed in the ETF constitutive document for the purposes of issuance and redemption of creation units and will be announced by the AMC. The composition of the Portfolio Deposit may change from time to time;
(p) "Tracking Error" shall mean the standard deviation of the difference between daily returns of the underlying Benchmark Index and the NAV of the ETF;
(q) "Trust" shall mean a trust established under relevant Trusts Act applicable in Pakistan;
(r) "Trustee" shall have the same meaning as ascribed thereto under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003;

16.2. LISTING PROCEDURE:

16.2.1. An application for listing of a Fund as an ETF by the AMC shall be accompanied with the documents as required by the Exchange under Annexure-I attached hereto.

16.2.2. The Exchange shall grant permission for listing of an ETF upon fulfillment of the requirements set forth in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, Circular No. 15 of 2012 issued by the Commission in respect of ETFs and these Regulations.

16.2.3. An AMC managing an ETF shall furnish timely disclosure of all relevant information concerning itself, such ETF and the Trustee.

16.2.4. The Exchange shall ensure that:

(a) All statements are made in the application submitted for listing of an ETF, documents attached thereto, and offering document submitted to the Exchange and accurate and not misleading;

(b) The units of the Fund for which the listing application is being made as an ETF are handled in the book-entry transfer operation by a designated Central Depository or are expected to be handled in such operation by the time of its listing as an ETF;
(c) The listing is not prejudicial to the interest of the public or the Investors.

16.3. TRADING, CLEARING AND SETTLEMENT OF ETF UNITS:

16.3.1. Trading in ETF units shall be conducted under these Regulations.

16.3.2. The ETF units listed under these Regulations shall be traded in the Ready Delivery Contract Market through the Trading System and buyers and sellers may trade in ETF units through Brokers in such lot size in the manner as prescribed by the Exchange from time to time.

16.3.3. Circuit Breakers on ETF units shall be applicable as provided for under chapter 19 of these Regulations.

16.3.4. Netting, Exposure, MtM Losses and other margin requirements on ETF units shall be applicable in the manner as prescribed under the NCCPL Regulations.

16.4. DISCLOSURE OF INFORMATION:

16.4.1. An AMC managing an ETF shall disclose the matters relating to such ETF as specified below, prior to the opening of Exchange on a Trading Day:
(a) Complete details regarding the Portfolio Deposit;
(b) The number of ETF units, total net asset value and net asset value per unit;

16.4.2. An AMC managing an ETF shall disclose the following details immediately on its website and to the Exchange:
(a) Revision of a Constitutive Document or any similar written document, or cancellation of an investment trust agreement or trust agreement;
(b) Application pertaining to delisting of ETF;
(c) Merger of such AMC;
(d) Petition for commencement of bankruptcy proceedings or winding-up of such AMC;
(e) Dissolution of such AMC;
(f) Discontinuation of any business of such AMC in case it is a Listed Company;
(g) De-merger of such AMC;
(h) Transfer of the whole business of such AMC to any other entity;
(i) Change in statutory auditors;
(j) Temporary suspension of any additional Trusts managed by the AMC;
(k) The decision to discontinue handling of ETF units in book-entry form in a Central Depository;
(l) When the license, permit or registration necessary for the AMC to conduct business expires, or is cancelled/ changed by the Commission and AMC accordingly decides not to carry out any business;
(m) When the license agreement from the index provider is terminated or the index is discontinued;
(n) Any material facts relating to the ETF or the operation, business, or Assets of the AMC which may have a significant effect on the investment decisions of investors.

16.5. OBLIGATIONS OF AP AND ETF MARKET MAKER:

The AP shall fully comply with the requirements of the APA, which is an agreement between AMC and AP.

The ETF Market Maker shall fully comply with the requirements of the Market Making Agreement with the Exchange.

16.6. APPLICABILITY OF LISTING REGULATIONS AND OTHER ALLIED MATTERS:

All provisions of Chapter 5 of these Regulations governing listing of Open-ended Mutual Funds shall be applicable on the AMC managing an ETF, unless otherwise provided in this chapter.

16.7. LISTING AND ANNUAL FEE:

An AMC that makes an application for the listing of a Fund as an ETF shall pay to the Exchange an initial listing fee at the rate of 0.05% of the total size of the ETF, subject to a maximum fee of PKR 500,000.

An AMC managing an ETF shall pay an annual listing fee to the Exchange, in respect of each financial year of the Exchange commencing from 1st July and ending on 30th June, it shall be payable on or before the 30th September in each calendar year, as per following schedule:

SIZE OF FUND	RATE OF FEE PER ANNUM
Up to Rs. 50 million	Rs.30,000
Above Rs. 50 million & up to Rs. 500 million	Rs.40,000
Above Rs. 500 million	Rs.50,000

Provided the Board may revise the above fees or any of the slabs or add new slabs with approval of the Commission.

Provided further that an AMC applying for listing of a Fund as an ETF, shall pay annual listing fee for the entire financial year of the Exchange along with the listing application, irrespective of the date of its listing during the financial year.

16.8. RELAXATION:

Where the Exchange is satisfied that it is not practicable to comply with any requirement(s) of this chapter in a particular case or class of cases, the Exchange may, for reasons to be recorded, relax such requirement(s) subject to such conditions as it may deem fit.

Provided that the Exchange, upon its own motion, may waive/ reduce listing fee and annual listing fee applicable for the listing of a Fund as an ETF as prescribed under Regulation 16.7 of this chapter.

Annexure-A

MINIMUM CONTENTS TO BE COVERED IN AUTHORIZED PARTICIPANT (AP) AGREEMENT

The AMC authorizes AP to create and redeem units of the fund in Creation Unit size or multiple thereof.

Both parties mutually agree to clauses relating to the following areas:

(i) Agreement with AP if it intends to act as a Market Maker including obligations to be set out in Market Making Agreement with the Exchange;
(ii) Adherence to Constitutive Documents, applicable Rules, Regulations, Laws and other procedures devised by AMC from time to time;
(iii) Relationship and Role of each party to the agreement;
(iv) Procedure for Creation and Redemption of units;
(v) Procedure for settlement of Cash Component;
(vi) Conditions where Bids and Offers can be withdrawn by Market Maker (such as at upper & lower caps);
(vii) Fees (if any), and disclosure on charging of fee;
(viii) Notification to AP by AMC for changes in index weights and composition;
(ix) Indemnification from AP to AMC (to cover AMC for areas where AMC cannot regulate the AP);
(x) Availability of Information;
(xi) Standard format of notices and procedure to be exchanged between the parties;
(xii) Procedure for making amendments to the Agreement;
(xiii) Effectiveness, Termination of Agreement and Dispute Resolution;
(xiv) Governing Laws;
(xv) Definitions (other than those covered in the NBFC Regulations and this Circular); and
(xvi) Signatories to the Agreement and Witnesses.

Annexure-B

MINIMUM ADDITIONAL INFORMATION TO BE DISCLOSED IN OFFERING DOCUMENT OF ETF

AMCs shall ensure that the following disclosures are made in the offering document of an ETF in addition to the areas specified in Schedule VIII of the NBFC Regulations.

INTRODUCTION TO ETF

(i) Description of ETF highlighting the basic features;
(ii) Advantages and disadvantages of ETF;
(iii) Difference between ETF and other Open ended Funds;
(iv) Parties to an ETF; and
(v) Description of how an ETF works through a flow chart.

AUTHORIZED PARTICIPANT AND MARKET MAKER

(vi) Role, Duties and Responsibilities of Authorized Participants and Market Makers;
(vii) Names and Contact information of Authorized Participants and Market Makers; and
(viii) Salient features of Authorized Participant Agreement.

BENCHMARK INDEX

(ix) Profile of Benchmark Index;
(x) Constituent of Benchmark Index;
(xi) Circumstances under which Benchmark Index of ETF may change;
(xii) Disclosure of Risk Factors related to Benchmark Index;
(xiii) Constituents of Benchmark Index and weightings of the top 10 largest constituent securities (where applicable) of the benchmark index as of a date within a month of the date of the offering document;
(xiv) Frequency with which benchmark index composition is reviewed; and
(xv) Means by which investors may obtain the latest benchmark index information and other important news of the index.

OFFER / REDEMPTION OF UNITS

(xvi) Offer of units during Pre-Listing phase (Initial Offer);
(xvii) Offer of units in Post-Listing phase;
(xviii) Procedure of In Kind Creation;
(xix) Procedure of In-Kind Redemption; including monetary and time cost to the investor;
(xx) Procedure of Trading of ETF units on exchange;
(xxi) Timeline for issuance and redemption of Creation Units; and
(xxii) Frequency and Notification of change in Portfolio Deposit.

INAV

(xxiii) Calculation Methodology of INAV;
(xxiv) Mode and frequency of dissemination of INAV; and
(xxv) Entity responsible for transmitting INAV.

WARNINGS / RISKS

(xxvi) Where necessary, a statement to the effect that the investment of the scheme may be concentrated in the securities of a single issuer or several issuers;
(xxvii) A statement to the effect that there is no guarantee or assurance of exact or identical replication at any time of the performance of the benchmark index;
(xxviii) Circumstances that may lead to tracking errors and the related risks, and strategies employed in minimizing such errors;
(xxix) A warning that benchmark index composition may change and underlying securities may be delisted;
(xxx) A warning in relation to any licensing conditions (including indemnity given to the index provider, if any) for using the benchmark index, and the contingency plan in the event of cessation of the availability of the benchmark index;
(xxxi) A warning of lack of discretion to adapt to market changes due to the inherent investment nature of index funds and that falls in the benchmark index are expected to result in corresponding falls in the value of the ETF;
(xxxii) A statement on whether the index provider and the AMC of the scheme (or its connected persons) are independent of each other. If not, the means by which possible conflicts of interests may be addressed; and
(xxxiii) Any other information which is relevant and material for investors to make an informed investment decision.

Annexure – I

DOCUMENTS TO BE SUBMITTED ALONG WITH LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded through PRIDE by the AMC:

1. Listing application as per Form-I;
2. Undertaking as per Form-II attached hereto;
3. An unconditional undertaking on non-judicial stamp paper as per Form-III attached hereto;
4. Certified true copy of the Certificate of Incorporation of AMC managing the ETF;
5. Certified true copy of the Certificate of Commencement of Business of the AMC managing the ETF;
6. Certified true copy of the license to carry on Asset Management Services;
7. Board Resolution of the AMC for listing of the Fund as an ETF;
8. Trust Deed approved by the Securities & Exchange Commission of Pakistan;
9. Brief description of the Investment Scheme and its main features;
10. Names of Directors of AMC along with their directorship of other companies listed on the Exchange (on AMC's letterhead);
11. Name and address of the directors and persons holding 10% or more of any class of equity security in the AMC as on the date of application together with the number of shares held by each;
12. Letter from Legal Advisor(s) consenting to act in their respective capacity;
13. Letter from Consultant(s) to the issue, (if any) consenting to act in their respective capacity;
14. Individual consent of all Directors, Chief Executive and Secretary of the AMC for publishing their names as Directors, Chief Executive and Secretary in the Offering Document of the Fund/ ETF;
15. Memorandum & Articles of Association of the AMC;
16. Offering Document of the Fund approved by the Commission;
17. Audited financial statements for the last 5 years or for a shorter period if the AMC is in operation only for such period;
19. Application submitted with the Central Depository Company of Pakistan Limited for declaration of the ETF units as CDC eligible securities;
20. A statement containing particulars, dates and names of parties to all material contracts, agreements (including agreements for technical advice and collaboration), concessions and similar other documents except those entered into in the normal course of the business or intended business together with a brief description of the terms of such agreements;
21. A statement showing:-
    (a) Dividends and cash bonuses paid during the last 10 years or such shorter period as the AMC/ETF may have been in existence;
    (b) Dividends or interest in arrears, if any.
22. Certified copies of agreements with Authorized Participant (APA);
23. Registration of ETF in terms of Regulation No. 44 of Non-Banking Finance Companies and Notified Entities Regulations, 2008;
24. Approval of offering document in terms of Regulation No. 54(1) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 from the Commission;
26. Approval letter relating to offering document as per ETF Regulations.
27. Any other documents/material contract and such other particulars as may be required by the Exchange.

Notes:

(i) Scanned copies of all the documents shall be certified by the Company Secretary/CEO.
(ii) Such scanned documents relating to regulatory authority as specified by the Exchange shall also be certified from the concerned Company Registration Office or concerned Regulatory Authority.
(ii) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.

FORM-I

LISTING APPLICATION

Date:_____

The General Manager
Pakistan Stock Exchange Limited
Karachi

Dear Sir/ Madam,

1. We hereby apply for the listing of our (name of the fund) on your Stock Exchange.

2. Necessary information and documents as required under Annexure-I of Chapter 16 of PSX Regulations are attached herewith.

Yours Sincerely,

SIGNATURE & ADDRESS

Copy to:

The Securities & Exchange Commission of Pakistan
ISLAMABAD

FORM-II

FORM FOR SUBMISSION OF UNDERTAKING AND PAYMENT OF FEES

Date:_____

The General Manager
Pakistan Stock Exchange Limited
Karachi

Dear Sir/ Madam,

Re: **LISTING ON THE STOCK EXCHANGE**

With reference to our Listing application under Section 19 of the Securities Act, we enclose herewith the following:

(1) An unconditional undertaking of the AMC duly signed in accordance with the provisions contained in the Articles of Association of our AMC.

(2) A cheque of Rs._____ towards Listing Fee at the rate of one twentieth of one percent (1/20 of 1%) of the total size of the Fund of Rs._____ subject to maximum of Rs. 500,000.

(3) A cheque of Rs._____ towards Annual Listing Fee as per Chapter 16 of PSX Regulations.

Yours Sincerely,

(Signature of Authorized Person)

FORM-III

UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER

Date:_____

The Board of Directors

Pakistan Stock Exchange Limited

Karachi

U N D E R T A K I N G

We undertake, unconditionally, to abide by the PSX Regulations which presently are, or hereinafter may be in force.

We further undertake:

(1) That the ETF units of our (Name of the Fund) shall be quoted on the Ready Delivery Contracts Market and/or the Futures Market at the discretion of the Exchange;

(2) That the Exchange shall not be bound by our request to remove the ETF units from the Ready Delivery Contracts Market and/or the Futures Market Counter;

(3) That the Exchange shall have the right, at any time to suspend or remove the said ETF units for any reason which the Exchange considers sufficient in public interest, subject however to the procedure laid down in Section 19 of the Securities Act and its Regulations;

(4) That such provisions in the Articles of Association of our AMC or in any declaration or agreement relating to any other security as are or otherwise not deemed by the Exchange to be in conformity with Chapter 5 of the PSX Regulations shall, upon being called upon by the Exchange, be amended to supersede the Articles of Association of our AMC or the nominee relating to the other securities to the extent indicated by the Exchange for purposes of amendment and we shall not raise any objection in relation to a direction by the Exchange for such amendment; and

(5) That our ETF may be delisted by the Exchange in the event of non-compliance and breach of this undertaking.

(Signature of Authorized Person)

Chapter 17: STOCK INDEX FUTURES CONTRACT MARKET REGULATIONS

17.1. DEFINITIONS:

(a) "Contract Multiplier" shall be such amount as notified by the Exchange in the Contract Specifications;
(b) "Contract Unit" shall mean the numerical value of the Underlying Index;
(c) "Contract Value" shall mean Contract Unit multiplied by the Contract Multiplier;
(d) "Daily Settlement Value" shall mean Volume Weighted Average value of last half hour of trading in the relevant SIF Contract for cash settlement, multiplied by the Contract Multiplier and expressed in Pakistani Rupees;
Provided that where no trading takes place during the time specified in this clause, then the Daily Settlement Value shall be taken as the Theoretical Price of SIFC as per the calculation methodology prescribed in Chapter 19 of these Regulations;
(e) "Final Settlement Price" shall mean, the price calculated based on a set of 121 readings of 15 second intervals (price points) of the underlying index levels taken between the last half an hour of trading. The highest and lowest 20 price points will be ignored and the closing price computed as an average of the remaining 81 price point will be the Final Settlement Price for the settlement of the contract;
(f) "Open interest in a Stock Index Futures Contract" shall mean the total value of Contracts of a Securities Broker or its clients, in an Underlying Index that have not been offset and closed at any point in time by an opposite trade;
(g) "Position in a SIF Contract" shall mean the sum of long and short positions of a Securities Broker and/or his clients at any point in time in a Stock Index Futures Contract;
(h) "Stock Index Futures Contract or SIF Contract" shall mean a standardized Contract which shall be trading under Stock Index Futures Contract Market and shall be subject to these Regulations.
(i) "Underlying Index" shall mean the Index which derives the value of SIF Contract and defined by the Board and notified by the Exchange in the Contract Specifications.

17.2. TRADING:

17.2.1. The Exchange shall provide a market for trading in SIF Contract by issuing a notice containing the relevant Contract Specifications.

17.2.2. SIF Contracts shall be as per the Contract Specifications as prescribed by the Exchange from time to time with prior approval of the Commission.

17.2.3. Any Securities Broker can enter into SIFC Market under these Regulations subject to prior notification in writing to the Exchange.

17.2.4. When a buyer/seller accepts a bid/offer of a SIF Contract, the Contract shall be deemed to have been executed between the buyer and the seller.

17.2.5. All offers/bids made may be accepted for or up to the limit of the offer/bid and the Securities Broker making an offer/bid shall be bound by the terms of the SIF Contract.

17.2.6. Upon opening of any SIF Contract, the Exchange shall notify the name, dates of opening, closing and settlement of such SIF Contract and other relevant details in Contract Specifications.

17.2.7. There shall be one standardized 90 days SIF Contract which will be issued each month. The SIFC shall be known by the month in which such contract is to expire e.g. a November SIF Contract would commence on the first Trading Day following last Friday in August and would expire on the last Friday of November.

17.2.8. There shall be no adjustment for cash dividends, bonus and right issue in the SIF Contracts.

17.3. CLEARING, SETTLEMENT AND RISK MANAGEMENT:

17.3.1. Deposit against Exposure shall be payable by the Securities Brokers as per NCCPL Regulations.

17.3.2. MtM Profit/Loss shall be calculated by NCCPL at the end of each trading day on all positions in SIF Contract at the 'Daily Settlement Value' in the following manner:

(a) NETTING REGIME ON MtM LOSS COLLECTION AND PROFIT DISTRIBUTION APPLICABLE TO SIF CONTRACT:

(i) Netting shall be permitted in the manner as prescribed under the NCCPL Regulations.

(ii) There shall be a daily Clearing and Settlement and profit/losses shall be collected/disbursed at the Daily Settlement Value in the manner prescribed by the NCCPL in NCCPL Regulations.

(iii) Upon closing of a SIF Contract, final settlement shall take place on such date as notified by the Exchange in the Contract Specifications after expiry of SIF Contract and the resulting profits or losses, calculated on the basis of Final Settlement Price shall be settled in cash. The collection and payment of profits or losses on final settlement to/from Securities Brokers shall be done by the NCCPL in accordance with NCCPL Regulations.

(iv) In case a Securities Broker fails to make any payment to the Exchange and NCCPL within the stipulated time, the Exchange and NCCPL shall initiate necessary action against such Securities Broker in accordance with these Regulations and NCCPL Regulations respectively.

(v) Open Interest shall be determined in accordance with the NCCPL Regulations.

(b) NETTING REGIME APPLICABLE TO 90 DAYS SIF CONTRACTS FOR DETERMINING THE MARKET EXPOSURE:

(i) Netting shall be permitted in the manner as prescribed in or pursuant to NCCPL Regulations.

(ii) The NCCPL may announce special clearing in the manner as prescribed under the NCCPL Regulations:

i. For the purpose of settlement of outstanding SIF Contract, the Exchange will calculate a reference price as fair-value of the SIF Contract on which all outstanding SIF Contracts will be settled.

ii. Fair-Value is to be arrived at as a function of cash or underlying index value plus financing charges (determined as a function of KIBOR rates) less any dividends that would accrue with the purchase and carry of all Index constituent until the final settlement date.

iii. The following formula shall be used to calculate fair-value for stock index futures:

= Underlying index [1+r(x/365)] – d
Where r=rate of interest, x=number of days to maturity and d=dividends.

(iii) Special margin shall be payable by a Securities Broker with NCCPL in accordance with NCCPL Regulations.

17.4. GENERAL:

The Exchange shall place on its website necessary and relevant information with respect to Open Interest and theoretical future price (fair-value) of SIF Contract on daily basis.

Chapter 18: INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS

18.1. PERMANENT ARBITRATION PANEL:

18.1.1. The CRO in consultation with Managing Director of the Exchange shall form a Permanent Arbitration Panel (referred to as "Panel" in this chapter) which shall consist of an adequate number of members to be determined by the Board. The membership of the Panel shall include TRE Certificate Holders as advisors, senior management staff of the Exchange and industry experts. Provided that the Board shall determine the limits on the number of TRE Certificate Holders and industry experts who shall be selected on the basis of criteria prescribed by the Exchange with the prior approval of the Commission. Provided further that the industry experts shall include advocates, professional accountants or other persons having knowledge or experience in the field of law, trade, commerce, industry, arbitration, securities market or the fields ancillary to the stock market i.e. CDS, NCSS, etc. in accordance with procedures laid down by the Exchange from time to time and subject to concurrence from the Commission.

The list of members of the Panel shall be displayed on the Exchange's website and updated whenever any change occurs. The list shall also contain the details of companies with which all members of the Panel have any association.

18.1.2. From the Panel, following will be the constitution of Arbitrators for arbitrations for the resolution of the disputes in accordance with their categorization mentioned below:

Sub-Panel:
From the panel, a Sub Panel of Arbitrators shall consist of four members, out of which one shall be the TRE Certificate Holder as an advisor who shall not have any voting rights, two industry experts and one senior member of the Exchange management as nominated by CRO in consultation with the Managing Director of the Exchange. The Chairman of the Panel will always be the industry expert.

The TRE Certificate Holder and industry expert shall be selected by drawing lots.

Sole Arbitrator:
From the Panel, CRO in consultation with the Managing Director of the Exchange shall appoint an industry expert as a Sole Arbitrator excluding TRE Certificate Holders on case to case basis.

18.1.3. The CRO shall also nominate any official(s) of the Exchange as the secretary(ies) of the Sub-Panel(s) who shall deal with complaints and Investors' and Securities Brokers' disputes.

18.2. DISPUTES TO BE REFERRED TO ARBITRATION:

Whenever any dispute arises between Securities Brokers inter se, or between any of the Securities Brokers and their clients, or between any of the Securities Brokers and authorized traders or between authorized trader(s) and their clients in connection with any trade or transaction or subscription of securities offered through IPO and is not otherwise settled amicably, it shall be referred to arbitration and shall be dealt with according to the procedure laid down in this chapter.

18.3. APPLICATION FOR ARBITRATION:

Where a dispute cannot be settled amicably, it must be referred to arbitration. Any party to the dispute may initiate arbitration, in accordance with these Regulations by making an application in writing to the CRO. The applicant shall be required to furnish the following:

(a) Claim Form duly filled and signed by Investor or Securities Broker or the authorized trader(s), as the case may be, along with all supporting documents and annexure as mentioned in the Form.
(b) In case applicant is not a Securities Broker of the Exchange, he shall give an undertaking to abide by all these Regulations in force for the arbitration, as well as the award of the Sole Arbitrator/Panel of Arbitrators appointed under this chapter of these Regulations.

18.4. ARBITRATION PROCEDURE:

18.4.1. *SCRUTINY OF APPLICATION:*

An application received for arbitration shall be scrutinized in the manner prescribed in the procedures by any official(s) of the RAD designated by the CRO to check whether it is complete in all respects and acceptable for arbitration.

18.4.2. *REJECTION OR DISMISSAL OF APPLICATION:*

Any application may be rejected or dismissed, if:

(a) The applicant refuses, neglects or fails to comply with the provisions of any Regulations; or
(b) The applicant refuses, neglects or fails to carry out any direction issued by the CRO, RAC or the Board; or
(c) The application is not otherwise in order or in accordance with these Regulations or lacking the adequate documentary evidence after providing reasonable time for submission of requisite documents; or
(d) The subject matter in the dispute has arisen from a trade:
    (i) not carried out through the Trading Systems/facilitation of the Exchange;
    (ii) not reported through the interface provided by the Exchange;
    (iii) which is illegal or constitute private deals between two Securities Brokers; or
    (iv) which is not related to subscription of shares offered through IPO.

In case of rejection of any application, the Exchange shall, under intimation to the Commission, communicate the reasons for any such rejection to the applicant within 15 days of receipt of application or the date of filing of further documents, whichever is later.

18.4.3. *CLAIMS/DISPUTES UP TO FIVE HUNDRED THOUSAND RUPEES*:

Claims/disputes of up to five hundred thousand rupees shall be referred for arbitration to the Sole Arbitrator, who may hear and decide the matter.

18.4.4. *CLAIMS OF OVER FIVE HUNDRED THOUSAND RUPEES*:

Claims of over five hundred thousand rupees shall be forwarded to the Sub-Panel for its action.

18.4.5. *LOTS TO BE DRAWN*:

(a) The drawing of lots shall be conducted by the CRO in consultation with Managing Director, or any other officer allowed as per applicable law to perform functions of the CRO, if nominated by the Chairman of RAC. The names so selected shall be communicated to the parties to the arbitration within three working days from the date of drawing of lots.

(b) In case any objection considered valid is received by the Exchange within seven working days of above-mentioned communication from any party to the dispute against appointing any person as an Arbitrator, fresh balloting, as mentioned above, will be conducted by the CRO in consultation with Managing Director.

Provided that lots shall be drawn within thirty days from the date of receipt of any application for arbitration which is to be referred to the Sole Arbitrator or Sub Panel.

(c) Presence of parties at the time of drawing and/or re-drawing: The parties to the dispute shall be given a notice of a minimum five working days, to remain present personally or through an authorized representative at the time of drawing and/or re-drawing lots before CRO. Provided that the drawing of lots shall take place at the given time and date even if the party or parties are not present despite of the notice and that the party or parties shall have no objection to drawing such lots, the result of which shall be binding on the parties.

Parties to the dispute shall be provided with a list of members of the Panel along with the above notice of drawing and/or re-drawing lots.

(d) There shall be no objection to an award of the Panel of Arbitrators or the Appellate Bench regarding any change(s) in the composition of the Panel of Arbitrators or the Appellate Bench during the enquiry or appeal.

18.4.6. *MEMBER OF THE PANEL BOUND TO ACT AS AN ARBITRATOR*:

A member of the Panel who has been appointed Arbitrator pursuant to Clause 18.4.5. above shall preferably continue to act as an Arbitrator till the announcement of award.

18.4.7. *NEW ARBITRATOR*:

In case if one or more Arbitrators refuse, neglect or fail to consider the dispute or give an award, fresh Arbitrator from the Panel shall be appointed by the CRO or any other person nominated by him. However, the Arbitrator(s) who refused, neglected or failed to consider the dispute or give an award shall communicate reasons thereof to the Panel, in writing, within ten days of referral of the dispute to him/them.

Upon receipt of information of non-availability of any such Arbitrator, the Exchange shall immediately inform the parties of the new Arbitrator(s). The Exchange while intimating name of any alternate Arbitrator(s) to both parties to a dispute may also reconfirm or reschedule the earlier date of hearing or arrange for any re-hearing held earlier by the previous Arbitrators to be reheard;

(a) **Hearing Notice:** The secretary of the Sub Panel shall give both parties to the dispute not less than seven days' notice from the date of receipt of such notice by the parties regarding the date, time and the place appointed for Arbitration.

(b) **Both parties present:** If both parties to the dispute are present at the appointed date, time and place, the Sole Arbitrator/Sub Panel shall proceed to hear the matter and to give the award.

(c) **Ex Parte decision on the summary disposal:** If the respondent is not present or shows his inability to attend the hearing at the appointed date, time and place for two consecutive times, the Sole Arbitrator/ Sub Panel may hear and decide the dispute ex-parte, and if the party making the complaint has shown his inability to attend or fails to make himself available for hearing at the appointed date, time and place for two consecutive times, the Sole Arbitrator/Sub Panel may dismiss the complaint summarily.

(d) **Remedies at law:** The Sole Arbitrator/ Sub Panel may decline to hear the dispute or may dismiss any case and refer the parties to avail their remedies through a Court of Law by recording reasons for the decline or dismissal.

(e) **Equal opportunity to both parties:** The parties shall be dealt with on an equal footing. Each of the parties shall be given an equal opportunity to present before the Sole Arbitrator/Sub Panel and explain its point of view verbally or in writing:

(i) the claimant will be given an opportunity to argue his case first;
(ii) the respondent will be given an opportunity to respond to the point of representations of the claimant;

(iii) the claimant will be given an opportunity to respond to the arguments of the respondent after respondent has finished his argument;
(iv) the Sole Arbitrator/ Sub Panel will not hear any party in the absence of the opposing party, unless the latter party has been given a reasonable opportunity to attend and it has failed to attend;
(v) the Sole Arbitrator/ Sub Panel will not discuss the case with the parties to the proceedings beyond the normal procedure;
(vi) the parties may appear at a session in person or through a representative to present and explain their respective claim or to defend verbally or, with the permission of the Sole Arbitrator/ Sub Panel, in writing.

(f) **Decision by majority in cases referred to Arbitrators:** All claims/disputes referred to the Sub Panel shall be decided by majority and such decision shall be deemed to be the award ('Award') in the arbitration.

(g) **Time for disposal of application:** An application received under above provision of this chapter and found acceptable after scrutiny shall be disposed-off within ninety days of its receipt including the award of Sole Arbitrator/ Sub Panel. However, if the application is not disposed-off within the prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay shall be communicated in writing to both the parties to the dispute and the Commission. The time extension granted by the CRO or anyone nominated by CRO shall be indicated in the communication, which shall not exceed thirty working days from the expiry date of the prescribed ninety (90) days.

(h) **Fee for making an application for arbitration:** The fee for filing an application for arbitration will be submitted by the applicant as follows:

(i) Rs.2,000/- for dispute having value up to Rs.100,000/-
(ii) Rs.4,000/- for dispute having value more than Rs.100,000/- and up to Rs.300,000/-
(iii) Rs.6,000/- for dispute having value more than Rs.300,000/- and up to Rs.1,000,000/-
(iv) Rs.10,000/- for dispute having value more than Rs.1,000,000/-

Fifty percent (50%) of initial deposited fee will be refunded to the applicant if Award is announced in his favor.

(i) **Entitlement of corporate benefits issued during the dispute:** The Award would include provision for any corporate benefits (right shares, dividends and bonuses) issued during the pendency of dispute for the Securities for which the application for arbitration has been made. The disputed period would be up to the date on which an Award is honored.

(j) **Time period for retaining arbitration record:** Record of proceedings of all meetings, hearings and the evidences on the basis of which the Award was announced shall be retained for at least ten years.

(k) **Time period to comply with the Award:** The parties to the dispute shall implement/comply with the Award within fifteen days of announcement by the Sole Arbitrator/ Sub Panel.

18.5. LATE CLAIMS BARRED:

The Sole Arbitrator/ Sub Panel of Arbitrators shall not take cognizance of any claim or dispute which is not referred to it within three year from the date it arose.

Provided that a claim may be admitted after the lapse of three years but not more than 10 years if the investor is able to demonstrate that the delay was due to reasons beyond his control.

18.6. APPEAL TO CRO:

18.6.1. A party to a dispute that is dissatisfied with any award of the Sole Arbitrator or the Sub Panels, as the case may be, may appeal to the CRO against such an Award within fifteen working days of receipt of the Award.

CRO may constitute one or more sub panels (hereinafter referred as "Appellate Panel") consisting of five members for hearing appeals against Awards of the Sole Arbitrator/Sub Panel. CRO may appoint any member of the Arbitration Panel in the said Appellate Panel provided he has not been the Arbitrator of the Award against which appeal has been filed with the CRO. Provided further that Appellate Panel shall not include a TRE Certificate Holder.

18.6.2. A party appealing to the Appellate Panel shall state in writing the point wise objections to the Award of the Sole Arbitrator/ Sub Panel and shall pay a fee of two thousand five hundred rupees being institution fee through cheque in favor of the Exchange in its designated bank account. Further, if the appellant is a Securities Broker, he shall deposit the full amount of Award and deliver the Securities or the value thereof at the ruling market price of the Securities with the Exchange at the time of filing an appeal. If the appellant fails in his appeal, he shall satisfy the Award within seven days of its announcement. In case of his failure to do so, the Exchange shall have the authority to pay the amount of the Award and/or deliver Securities to the respondent on the appellant's behalf. However, the appellant shall still be liable to deliver or pay the balance securities or amounts, if any, payable under the Award in appeal. An appeal filed by a Securities Broker shall not be entertained if the required fee, award money or Securities, if any, is not deposited with the Exchange including any corporate benefits missed by the counter-party upto the date of order.

18.6.3. The decision of the Appellate Panel shall be announced within forty five days of the receipt of the appeal. However, in case the Appellate Panel is unable to announce the decision within the forty five days period due to unavoidable circumstances or reasons beyond control, the Appellate Panel will seek further time from the CRO, by indicating specific reasons for its inability to announce the decision and the CRO may extend the time but not more than thirty days. However, such extension of time should be forthwith intimated to the Commission.

18.6.4. The decision of the Appellate Panel shall be final and deemed binding on the parties to the dispute and upon their constituents.

The decision of the Appellate Panel shall be implemented /complied with by the parties in dispute within seven (07) days of its announcement.

18.7. MEMBERS INVOLVED NOT TO HEAR THE CASE/APPEAL:

A member of the Sub Panel or the Appellate Panel, as the case maybe, shall not be appointed as an Arbitrator or a member of the Appellate Panel, as the case maybe, in a dispute in which he is a party and/or has association with either party, whatsoever. Before commencing arbitration proceedings or hearing of appeal, the selected member will give a declaration in writing that he has no conflict of interest in dispute under discussion.

18.8. MISCELLANEOUS:

18.8.1. There shall be no objection to an Award of the Sole Arbitrator/ Sub Panel or the decision of the Appellate Panel on the ground that the hearing at which a dispute was enquired into or an appeal was heard was adjourned or that the enquiry was not completed or that the appeal was not finally heard at one meeting. Provided that the Sole Arbitrator/ Sub Panel/ Appellate Panel as the case maybe, shall record reasons for every adjournment, non-completion and non-hearing of appeal.

18.8.2. There shall be no objection to an Award of the Arbitrators or the decision of the Appellate Panel on the ground of substitution of an Arbitrator or any member of the Appellate Panel during the enquiry or appeal. Provided that on any substitution of an Arbitrator or any member of the Appellate Panel, the matter shall be heard afresh by the Arbitrators or the Appellate Panel, as the case may be.

18.8.3. Three members of the Sub Panel of Arbitrators or the Appellate Panel shall be necessary to constitute a quorum for the purpose of the enquiry or appeal.

18.8.4. In case the Arbitrators or the Appellate Panel fail to reach a unanimous decision, the decision of the majority will prevail.

18.9. SUMMARY DISMISSAL AND EX-PARTE DECISION:

If any party to a dispute who has appealed against any Award to the Appellate Panel is not present at the time fixed for hearing the appeal or any adjournment thereof, the Appellate Panel, may dismiss the appeal summarily. However, in case the appellant is present but the respondent is absent, the Appellate Panel may proceed with the appeal ex-parte.

18.10. SETTING ASIDE EX-PARTE AWARD:

The RAC may, on sufficient cause being shown by any party against whom any ex-parte decision has been announced, set aside such decision and direct the reference or the appeal to be reheard. Sufficient cause for the purpose of this Regulation shall mean and include non-receipt of notice/absence of party from the city/country etc.

18.11. EXTENSION OF TIME:

The Sole Arbitrator/Sub Panel / Appellate Panel, as the case maybe, may for special reasons extend the time for which a reference for Arbitration or an appeal against any Award of the Sole Arbitrator or the Sub Panel may be made whether or not the time for making the same has expired.

18.12. OBLIGATION OF CLIENT AND ACTION AGAINST DELINQUENT CLIENTS:

In case an application is filed for arbitration by a Securities Broker against his client and the Award goes in favor of the Securities Broker, the client shall pay to the Securities Broker the amount mentioned in the Award as payable by the client to the Securities Broker.

In case:

(a) an Award of the Sole Arbitrator/ Sub Panel has been passed against a client of a Securities Broker and the maximum time to file an appeal against the Award has elapsed; or

(b) in case such client of a Securities Broker had filed an appeal in accordance with these Regulations and the Appellate Panel dismissed such appeal; and

(c) the client of a Securities Broker failed or refused to abide by or carry out such Award; then the name and other particulars of that client of the Securities Broker shall be placed on the website of the Exchange accessible to Securities Brokers by following the procedure specified by the Exchange from time to time. Placement of name of such delinquent client of a Securities Broker on the website of the Exchange shall be without prejudice to the right of the Securities Broker concerned to apply to the court of competent jurisdiction for making the Award a rule of the court and enforce the same through a decree of the court.

Further, the UIN of such client will be black-listed and such person will not be allowed to trade for three years.

18.13. ADMINISTRATION OF OATHS TO THE PARTIES TO THE DISPUTE:

The arbitrator shall administer oath to the parties and witnesses before examining them.

18.14. UNDERTAKING BY BOTH PARTIES TO THE DISPUTE/CLAIM:

Both the parties appearing before Sole Arbitrator/ Sub Panel/Appellate Panel shall be required to sign the following undertaking:

(a) I will say the truth, nothing but the truth and will not try to mislead the Sole Arbitrator/Sub Panel /Appellate Panel;
(b) I will provide all information asked by the Sole Arbitrator/Panel of Arbitrators/Appellate Panel within such time as may be specified by the Sole Arbitrator/Panel of Arbitrators/Appellate Panel and in case of failure the Sole Arbitrator/Panel of Arbitrators/Appellate Panel may decide the case on available facts;
(c) I hereby declare that I shall abide by the award of Sole Arbitrator / Panel of Arbitrators/Appellate Panel, as the case may be, within stipulated time.

18.15. VERIFICATION OF INVESTORS' CLAIMS, INSPECTION OF BOOKS & RECORDS AND CONDUCTING OF ENQUIRY:

The Exchange may verify genuineness of investors' claims against a Securities Broker and may inspect books and records of any Securities Broker and/or conduct enquiry into his dealings and business affairs and for this purpose may also appoint an auditor selected from the panel of auditors prescribed under the chapter 23 of these Regulations. The cost of audit shall be borne by the concerned Securities Broker.

Chapter 19: RISK MANAGEMENT REGULATIONS

19.1. METHODOLOGIES:

(a) The Closing Price of a Security eligible for trading under respective Market is determined as per following methodology:

(i) If the cumulative volume in a Security is at least 500 shares or Rs. 25,000/ -, whichever comes earlier (here in after referred to as the "threshold") then the Closing Price of that Security shall be determined as Volume Weighted Average (VWA) price of trades of last 30 minutes before closing of the market.

(ii) If the cumulative volume in a Security during last 30 minutes before closing is less than the threshold, then the Closing Price of that security shall be determined as VWA of the most recent executed trades during the day which constitute the threshold.

(iii) If no closing price is determined as per clause (i) and (ii) above, then the Closing Price of that security shall be the previous day's Closing Price.

(iv) Cross Trades at Securities Broker's level, and trades which are executed under the same UIN, if any, shall not be eligible for the determination of Closing Price of the respective Security.

(b) In case no trade takes place during the whole trading day in the Deliverable Futures Contract Market or Single Stock Cash-Settled Futures Contract Market in a particular Security, the Closing Price of that Security for respective futures market will be updated on the basis of Theoretical Price.

(c) The Theoretical Price for a Security tradable under Deliverable Futures Contract and/or Single Stock Cash-Settled Futures Contracts Markets, if there is no trading in such Security in the respective market during whole trading day, is determined as per following methodology:

(i) The Closing Price of underlying Security in the Ready Delivery Contract market x {1+(One Month KIBOR+4%) / 365 X DTM};
(ii) In case of ex-entitlement Contracts, the Theoretical Price will be adjusted based on ex-price adjustment formulas determined by the Exchange.

Whereas DTM stands for Date to Maturity which will be equivalent to days difference in the trading date of the Ready Delivery Contract market and last trading date of Deliverable Futures Contract or Single Stock Cash-Settled Futures Contract on any trading date, on which such DTM is being determined.

(d) The Theoretical Price for a Security tradable under Stock Index Futures Contract Market, if there is no trading in such Security in such market during whole trading day, is determined as per following methodology:

=Underlying index X [1 + r(x/365)]-d
Where r= rate of interest, x=number of days to maturity and d=dividends.

(e) The Closing Price of a Debt Security eligible for trading under respective Market shall be determined as per following methodology:

(i) If the cumulative volume in a security is at least 500 units or Rs. Y (defined below), whichever comes earlier (hereinafter referred to as the "threshold"), then the Closing Price of that security shall be determined as Volume Weighted Average (VWA) price of trades of last 30 minutes before close of market.
(ii) If the cumulative volume in a security during last 30 minutes before close of market is less than the threshold, then the Closing Price of that security shall be determined as VWA of the most recent executed trades during the day which constitute the threshold.
(iii) If cumulative volume is less than the threshold or there is no volume in the security during the whole trading day, then the Closing Price of the security shall be the previous day's Closing Price.
(iv) Cross Trades, at Securities Broker's level and trades which are executed under the same UIN, if any, shall not be eligible for the determination of Closing Price of the respective security.

Explanation: The trades for the purpose of this clause means all trades executed in an auction trading, negotiated deals, RFQ trading and continuous trading.

Threshold (Y) is set as follows:

Issue Size From	Issue Size To	Value of Y (PKR)
0	1,000,000,000	15 million
1,000,000,001	999,999,999,999	25 million

The closing price of a Debt Security so determined may not be a fair value or market value of such Debt Security for the purpose of custody valuation.

(f) The Closing Price of a Government Debt Security shall be the last trade price. In case no trade takes place in a security during the whole trading day, there will be no closing price of a security.

19.2. BASE MINIMUM CAPITAL:

Every Securities Broker desiring to trade in any Market shall be required to maintain a Base Minimum Capital of the amount and in the form as calculated/prescribed in Schedule-1 annexed to this Chapter.

19.3. SCRIP-BASED CIRCUIT BREAKER:

(a) The Exchange shall apply Security-wise circuit breaker for each Market separately (except Stock Index Futures Market and Index Option Market) in case of price fluctuation of 7.5% or Re. 1/ -, whichever is higher from the security's Closing Price of the previous day which shall increase by 0.5% after every 15th day or such other time as may be notified by the Exchange till the time the circuit breaker reaches to the level of 10% or Re.1/ -, whichever is higher.

Provided that for ETF, the circuit breaker shall be applicable as follows:

(i) The prevailing percentage based circuit breaker shall be applicable on the Net Asset Value of ETF or higher circuit breaker as notified by the Exchange from time to time under this clause.
(ii) Where ETF underlying constituents comprise of stocks which are subject to both values of circuit breakers i.e. Re. 1/- and prevailing percentage based circuit breaker, the circuit breaker of such ETF shall be applied as the weighted average circuit breaker applicable on underlying constituents for the day.
(iii) In case ETF is eligible for trading in Futures Market, the prevailing percentage based circuit breaker shall be applicable on the NAV based theoretical price as determined by the Exchange.

(b) Circuit breakers on the first trading day of a Security shall be applicable as follows:

(i) During the first trading day of a Right Allotment Letter of any Security, the prevailing circuit breaker shall be applicable at the notional price determined based on previous day's Closing Price of the underlying Security minus payable amount against such Right Shares. Provided that when the amount payable against such Right Shares is equal to or greater than the previous day's Closing Price of the underlying Security, the notional price will be the tick size of underlying Security.
(ii) Where a Security is placed on Ready Delivery Contract Market without going through Book Building Process, then the circuit breaker of Rs.5 or 50% whichever is higher, shall be applicable on the offer price during the first trading day in Ready Delivery Contract Market.
(iii) During the first trading day, on the Ready Delivery Contract Market, of a Security formally listed at the Exchange, the prevailing circuit breaker shall be applicable on the Strike Price of such Security determined through Book Building Process.
(iv) During the first trading day of ETF on the Ready Delivery Contract Market, the circuit breaker on ETF shall apply on the ETF NAV of the previous day in the same manner as specified for ETF in proviso 19.3. (a).

(c) In case of Stock Index Futures Market, the circuit breakers shall be applicable in case of movement of 7.5%, above or below the previous Trading Day's closing price. In case of first trading day of a SIF Contract, circuit breaker shall apply on movement of 7.5% above or below the opening price of the Trading Day, as determined during the pre-open session. No circuit breaker will be applicable on the last day of trading in a SIF Contract.

(d) Trading will be allowed up to the upper and lower limits as set by the circuit breakers.

(e) No trade in the respective security will be allowed beyond the above price fluctuation.

Note: The calculated price for circuit breakers shall be rounded to the nearest tick.

19.4. INDEX-BASED MARKET HALTS:

(i) The Exchange shall apply index-based market halt in case KSE-30 index moves 5% either way from its last day closing index value.

(ii) In case, KSE-30 Index continues to trade 5%, above or below its last day closing index value for consecutive 5 minutes, the trading in all securities shall be halted for such duration as specified by the Exchange. Upon imposition of a market halt, the following measures shall be taken:

i. All equity and equity based derivative markets shall be suspended.

ii. The market shall have a five (05) minutes pre-open before its re-opening.

iii. NCCPL shall collect margins including Mark-to-Market losses from its Clearing Members as per its Regulations. Only those BCMs shall be allowed to trade after resumption of trading for that day which have deposited the required margins with NCCPL.

Provided that the Index-based market halt shall not be applicable in case KSE-30 index moves beyond 5% during such duration prior to close of the market as specified by the Exchange.

19.5. OBLIGATION OF SECURITIES BROKERS TO COLLECT MARGINS FROM THEIR CLIENTS:

It shall be obligatory upon the Securities Broker trading/taking exposure in any Market under these Regulations to take all margins and MtM losses from their respective clients in accordance with total Margin Requirements as prescribed by the NCCPL. Such prescribed margin shall be the minimum margins that must be taken by the Securities Broker from their respective clients while trading/taking exposure on behalf of such client. The Exchange shall ensure compliance of this

requirement through appropriate procedures including auditing and inspection of records, provided that the Securities Brokers may not, if so desire, collect applicable margins and MtM Losses from their institutional clients who directly settle their trades through NCCPL as its Non-Broker Clearing Members.

Provided further that in case where margins are not collected from any institutional client, the Securities Broker shall remain responsible for payment of all applicable margins to NCCPL in accordance with NCCPL Regulations.

The collection of any type of margin by a Securities Broker from its client/client(s) shall be the sole responsibility of such Securities Broker; nevertheless, any failure of the client to pay such margin shall not affect the obligation of the Securities Broker to pay such margin to the NCCPL.

Provided that:

(i) in case of a Trading Only Securities Broker and Online Only Securities Broker, which maintain custody of assets of its customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker, it shall be obligatory upon the securities broker to coordinate with the customers for fulfilling the margin calls as issued by the PCM or the Trading and Clearing Securities Broker. The customer shall deposit the margins with the PCM or the Trading and Clearing Securities Broker and no margin shall be deposited with such Trading Only Securities Broker or Online Only Securities Broker

(ii) The relevant PCM or Trading and Clearing Securities Broker shall remain responsible for payment of all applicable margins to NCCPL in accordance with NCCPL Regulations.

Explanation: Close Relatives shall have the same meaning as defined in the Securities Broker (Licensing and Operations) Regulations, 2016.

19.6. EVASION OF REQUIREMENTS PROHIBITED:

A Securities Broker shall not directly or indirectly enter into any arrangement or adopt any procedure for the purpose of evading or assisting in the evasion of the requirements prescribed under these Regulations and NCCPL Regulations.

Schedule-I

[SEE REGULATION 19.2]

BASE MINIMUM CAPITAL (BMC) TO BE MAINTAINED BY A SECURITIES BROKER

Required value of Base Minimum Capital:

(1) Every 'Online Only Securities Broker' shall maintain an amount of PKR 1 Million as BMC with the Exchange in any forms of collaterals mentioned in Table B below.

(2) Every 'Trading Only Securities Broker' shall maintain an amount of PKR 5 million as BMC with the Exchange in any of the forms of collaterals mentioned in **Table B** below.

(3) Every 'Trading Only Securities Broker' keeping custody for its proprietary and directors, sponsors, and their relatives, 'Trading and Self-Clearing Broker' and 'Trading and Clearing Broker' shall maintain BMC as per the slabs mentioned in **Table A** below with the Exchange which shall be determined based on the Assets Under Custody (AUC) which is same as the Custody Position held under its Participant Account with CDC:

Table A

Clients' AUC (in PKR)		Required Amount of BMC (in PKR)
From	To	
0	25,000,000	8,000,000
25,000,001	50,000,000	8,000,000 + 10% of excess over 25,000,001
50,000,001	100,000,000	10,500,000 + 5% of excess over 50,000,001
100,000,001	200,000,000	13,000,000 + 3% of excess over 100,000,001
200,000,001	400,000,000	16,000,000 + 1.5% of excess over 200,000,001
400,000,001	800,000,000	19,000,000 + 0.75% of excess over 400,000,001
800,000,001	1,600,000,000	22,000,000 + 0.375% of excess over 800,000,001
1,600,000,001	3,200,000,000	25,000,000 + 0.1875 of excess over 1,600,000,001
3,200,000,001	6,400,000,000	28,000,000 + 0.0937% of excess over 3,200,000,001
6,400,000,001	10,000,000,000	31,000,000 + 0.0833% of excess over 6,400,000,001
10,000,000,001	25,000,000,000	34,000,000 + 0.02% of excess over 10,000,000,001
Over 25,000,000,000		37,000,000 + 0.014% of excess over 25,000,000,001

Provided that the above AUC slabs shall not exceed the Maximum Custody Limits allowed to a Securities Broker under the Securities Brokers (Licensing and Operations) Regulations, 2016 in terms of the Capital Adequacy Level of such Securities Broker as provided by the CDC in its Regulations. The terms, 'Custody Position', 'Maximum Custody Limit' and 'Capital Adequacy Level' shall have the same meanings as ascribed thereto under the CDC Regulations.

Forms of BMC:

The Securities Broker may maintain the BMC in any one or more of the following forms of collaterals mentioned in Table B below in order to meet the required value of BMC:

Table B

S.#	Form
1	Cash.
2	Bank Guarantee.
3	Margin Eligible Securities, which include Treasury Bills (T-Bills) and Pakistan Investment Bonds (PIBs), after applying Haircut as prescribed by NCCPL from time to time.
4	Electronic units of CDC eligible Open-End Funds categorized as Money Market Schemes to be valued as per the methodology and after applying haircut specified by the NCCPL from time to time.
5	Shares of the Exchange pledged in favour of the Exchange.
6	Shares of the Exchange and/ or Excess Margin Eligible Securities available in the respective Sub-Account(s) of the relevant Securities Broker's: (i) Directors; (ii) Chief Executive Officer; or (iii) any other individual who holds at least 10% shares of such Securities Broker. **NOTE:** The individuals mentioned in 6(i), (ii) and (iii) above shall be referred to as "Pledgor" in this SCHEDULE and FORM-I attached thereto.
7	Shares of surviving entities of Lahore Stock Exchange (LSE) and/or Islamabad Stock Exchange (ISE) pursuant to the Scheme of Integration approved by the Commission, maximum up to 100% of shares allotted to an initial shareholder of respective entity.

Notes:

1. In case the BMC is maintained in the form 7, or in the form of equivalent value of any one or more of other forms of collateral as mentioned above, by a TRE Certificate Holder inducted by the Exchange pursuant to the Scheme of Integration approved by the Commission and the combined value of these forms of collateral is insufficient to meet the required value of BMC, respective TRE Certificate Holder shall provide/arrange additional Cash and /or Bank Guarantee or Margin Eligible Securities including bank guarantee from the trust funds as provided in the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012.

2. For the purpose of form 6 mentioned above, the Pledgor shall authorize the Securities Broker in writing as specified in FORM-I, specifying the number of shares and time duration, if any, for utilizing shares of the Exchange and excess Margin Eligible Securities available in their respective Sub-Account(s) for meeting the BMC requirement of such Securities Broker.

3. The Exchange shall pass on profit to Securities Broker on the cash amount deposited with the Exchange against BMC at the rate paid by the respective bank(s) after retaining service charge as notified by the Exchange from time to time.

Review and Updation of BMC

1. The Exchange shall determine the required Value of BMC for each Securities Broker on the first working day of every month on the basis of Client's AUC of such Securities Broker as of the last working day of the preceding month.

2. The Securities Broker shall be required to fulfill any shortfall in the BMC within next five (5) working days of the issue of notice by the Exchange.

Valuation of collateral forming part of BMC (Interim Review)

1. Mark-to-Market value of the Margin Eligible Securities and shares of the Exchange shall be conducted on daily basis.

   Provided that the shares of Exchange shall be valued at break-up or market price, whichever is higher, subject to application of a fixed haircut of 30%.

2. Value of the shares of the surviving entities of LSE and ISE shall be lower of the last transaction price or break-up value determined semi-annually based on break-up value per share as per half-yearly reviewed and annual audited financial statements of the surviving entities after applying 30% haircut on such break-up value. However, where the last transaction price is older than six months, then the break-up value as mentioned above shall be considered subject to higher haircut of 50%.

The Exchange shall also disseminate the information pertaining to point 2 above to the market participants.

Provided that in case value of collateral deposited by a Securities Broker to meet its BMC requirement falls below its required value at trading day end, the Exchange shall require such Securities Broker to deposit the shortfall in any of the forms as mentioned above within one trading day, failing which the Exchange shall restrict/suspend trading rights of such Securities Broker till the time the Securities Broker fulfills its BMC requirement.

Utilization of BMC in the event of default by a Broker or cancellation/forfeiture of its TRE Certificate:

In case of declaration of a Securities Broker as defaulter or cancellation/forfeiture of its TRE Certificate under the applicable regulations of the Exchange, the Exchange shall utilize the proceeds of collaterals deposited to meet BMC requirement in accordance with the applicable regulations of the Exchange and in terms of the letter of pledge/undertaking/lien mark, where applicable.

FORM-I

[On non-judicial stamp paper as required under CDC Standardized Account Opening Form for individuals]
[For individual Sub-Account Holder]

SPECIFIC AUTHORIZATION PURSUANT TO CLAUSE (G) OF THE STANDARDIZED SUB-ACCOUNT OPENING FORM FOR PLEDGING OF BOOK-ENTRY SECURITIES

This Authorization is executed at ____, this ___ day of ____, ____and shall be valid up to _____.

Pursuant to Clause (G) of the Standardized Sub-Account Opening Form, I/we the undersigned, maintaining Sub-Account No. [insert Sub-Account No.] under CDS Participant Account of [insert name of the Participant] having ID No. [insert Participant ID] hereby give my/our specific authority to the Participant under Section 12 of the Central Depositories Act, 1997 to pledge my/our Securities which are declared as (i) Margin Eligible Securities by the NCCPL and as notified by the NCCPL from time to time under its Regulations and (ii) shares of Pakistan Stock Exchange limited (PSX), represented by Book-entry Securities entered in my/our aforesaid Sub-Account **as detailed below** only in favour of PSX FOR THE SPECIFIC PURPOSE OF MEETING THE MINIMUM VALUE OF BASE MINIMUM CAPITAL (BMC) BY THE ABOVE SAID PARTICIPANT IN ACCORDANCE WITH SCHEDULE I TO CHAPTER 19 OF PSX REGULATIONS.

The PSX shall have the full authority to liquidate these Book-entry Securities kept as acceptable form of collateral against the BMC requirement in any manner at its sole discretion in the event of declaration of the Broker as defaulter or cancellation/forfeiture of its TRE Certificate in accordance with the PSX Regulations:

Detail of Book Entry Securities			
Sr. No.	**Name of Securities**	**Volume**	**Time Duration, if any, as specified by the Pledgor**

IN WITNESS WHEREOF I/we have executed this Authorization on the date written above in the presence of witnesses named below.

EXECUTED BY THE SUB-ACCOUNT HOLDER(S):

Name & Signature of Sub-Account Holder: _____(CNIC Number)
Name & Signature of Joint Account Holder 1: _____(CNIC Number)
Name & Signature of Joint Account Holder 2: _____(CNIC Number)
Name & Signature of Joint Account Holder 3: _____(CNIC Number)

IN THE PRESENCE OF:

WITNESSES:

1 _____

Name _____

Address _____

CNIC _____

2 _____

Name _____

Address _____

CNIC _____

Note:

1. Use of this Authorization in piecemeal is strictly prohibited.
2. This Authorization shall be signed as per the operating instruction of the Sub-Account in Participant's records.
3. This Authorization shall be duly verified by the Company Secretary of the Broker and Designated Officer of PSX.

Chapter 20: DISCIPLINARY ACTIONS AGAINST TRE CERTIFICATE HOLDERS REGULATIONS

20.1. ACTS REQUIRING DISCIPLINARY ACTIONS:

20.1.1. The RAC may, upon recommendation of CRO, suspend TRE Certificate or impose fines and penalties on a TRE Certificate Holder and Board or a Committee constituted by the Board upon its own motion or upon the recommendations of RAC, exercise any of the disciplinary powers as specified under clause 20.20 against a TRE Certificate Holder where the RAC or the Board, as the case may be, is of the opinion that such TRE Certificate Holder:

(a) is guilty of fraudulent practices;
(b) has transacted its own or its constituent's/client's business under fictitious names;
(c) in any manner circulates or causes to be circulated, any rumors;
(d) repeatedly brings before the Exchange a charge, complaint or suit which is baseless, frivolous, vexatious or malicious;
(e) if without the special permission of the Board a TRE Certificate Holder shares its brokerage with or carries on business or makes any deal for or with any TRE Certificate Holder which has been suspended or the TRE Certificate of which has been cancelled or forfeited as the case may be or which has been declared as Defaulter;
(f) evades or attempts to evade or assists in evading the Margin requirements prescribed in the relevant NCCPL Regulations;
(g) has refused or failed to comply with any resolution or decision of the Board;
(h) has contravened PSX Regulations, policies or procedures, orders, notices, directions, decisions, instructions or rulings of the Exchange or the Commission;
(i) is found guilty of dishonorable or disgraceful conduct;
(j) has made a false declaration, inter alia, with respect to statement made under obligation of any rules and regulations;
(k) has been found guilty by a court of law for an offence involving fraud, financial or business misconduct/ malpractices or moral turpitude which renders it unfit to be a TRE Certificate Holder of the Exchange;
(l) has willfully obstructed the business of the Exchange;
(m) is incapable of performing its functions for any reason deemed sufficient in the discretion of the RAC or the Board, as the case may be, including but not limited to the failure of its Chief Executive Officer or any authorized contact person on its behalf to attend to any notice, hearing or a claim from or by the Exchange for more than 30 days or his prolonged illness without making an alternate arrangement with the permission of Exchange or its financial precariousness or going into liquidation;
(n) has refused or failed to provide any information or provided incomplete, false, forged or misleading information to the Exchange and/or the Commission.
(o) has failed to resolve/settle investors' complaints/claims within stipulated time;
Provided that before taking any action, the RAC itself or a sub-committee of RAC and in case of Board, the Board itself or a Committee shall give to the concerned TRE Certificate Holder an opportunity of being heard.

20.1.2. The CRO may suspend TRE Certificate of a TRE Certificate Holder and the Board may, upon recommendation by RAC, forfeit/ cancel a TRE Certificate of a TRE Certificate Holder, where the CRO is of the opinion that such TRE Certificate Holder:

(a) has failed to pay any fine or penalty imposed upon it in accordance with PSX Regulations for the time being in force;
(b) has failed to pay any money which may be payable to the Exchange relating to trading, operational, and other administrative facilities within prescribed time;
(c) has failed to submit to or abide by or carry out any award in arbitration passed by the Sole Arbitrator/ Sub Panel of Arbitrators, Appellate Panel or any other arbitration forum established by the Exchange.

Provided that before any of the above action is taken, the CRO may allow maximum period of thirty (30) days to the TRE Certificate Holder, from the due/ implementation date, to pay the money due or implement the arbitration award, as the case may be.

Provided further that no disciplinary powers as specified under clause 20.20 in respect of any of the above acts shall be exercised by the Board except after giving the TRE Certificate Holder an opportunity of being heard. Such hearing may be conducted by:
(a) the RAC or a sub-committee constituted by the RAC for an order other than cancellation or forfeiture of the TRE Certificate; and
(b) the Board or sub-committee constituted by the Board for an order of cancellation or forfeiture of the TRE Certificate.

The relevant authority conducting the hearing under this clause may proceed ex-parte against a TRE Certificate Holder who fails to appear for hearing in two consecutive hearings.

Explanation: The TRE Certificates issued to the Initial Shareholders under section 5(1)(e) of the Demutualization Act, which have not been transferred to any other person shall be liable to forfeiture while any other TRE Certificates will be liable to cancellation.

20.1.3. Any of the powers delegated to the CRO, RAC or sub-committee of RAC for taking action against a TRE Certificate shall be without prejudice to the power of the Board to suspend, cancel or forfeit TRE Certificate in case the TRE Certificate Holder fails to take required action.

20.2. PROCESS TO BE FOLLOWED FOR TAKING DISCIPLINARY ACTION UNDER CLAUSE 20.1.2:

20.2.1. FAILURE TO PAY DUES:

If a TRE Certificate Holder fails to pay its annual subscription/fee/penalty or any other money which may be due on its part to the Exchange within a period allowed by the CRO under clause 20.1.2 after the same has become due, the CRO shall issue a two (2) trading days demand notice to that TRE Certificate Holder for making the required payment.

20.2.2. SUSPENSION:

In case a TRE Certificate Holder fails to pay the outstanding amount even after the expiry of two (2) trading days from the date of receipt of the notice from the CRO as provided above, the CRO may suspend such TRE Certificate Holder until it pays the outstanding amount or complies with the arbitration award, as the case may be, and until then such TRE Certificate Holder shall remain suspended and debarred from exercising any of the rights and privileges of a TRE Certificate Holder until the CRO revokes its suspension.

20.2.3. FURTHER NOTICE:

If a TRE Certificate Holder does not clear its outstanding amount or comply with the arbitration award, as the case may be, even after its suspension for a period of two months, the CRO shall issue a further demand notice to that TRE Certificate Holder advising it to remove the cause of suspension within five (5) trading days from the date of receipt of the said notice.

20.2.4. CANCELLATION/FORFEITURE OF TRE CERTIFICATE:

If the requisition in such further notice is not complied with, the Board may by a Resolution order for cancellation or forfeiture of the TRE Certificate of such TRE Certificate Holder in a manner as provided in sub-clause 20.1.1.

20.3. INVESTIGATION AND COMPLIANCE POWERS:

20.3.1 Where the Exchange, on the basis of the information available to it, is of the opinion that it is necessary to investigate into a matter of possible breach of provisions of these Regulations, Exchange shall have all supervisory and investigatory powers that are necessary for the exercise of its functions. It shall exercise such powers either directly or, where appropriate, in collaboration with other authorities, including the Commission.

20.3.2 The powers referred to above shall be exercised in conformity with the Licensing Regulations, and these Regulations and without prejudice to the generality of Regulation 20.3.1 shall include the right to:

(a) have access to any information in any form whatsoever (whether electronic and/or paper based) and to receive a copy of same;
(b) demand information from any TRE Certificate Holder and if necessary, to summon and hear any such TRE Certificate Holder;
(c) carry out on-site inspections or engage external consultants/auditor;
(d) require existing telephone and data traffic records from TRE Certificate Holder.

20.3.3 In the event of any apparent violation/non-compliance of any of PSX Regulations or failure to comply with a policy, procedure, order, notice, guideline, direction, manual, decision, instruction or ruling of the Exchange which are issued under the Regulations or failure to provide any required information or provision of incomplete, false, forged or misleading information to the Exchange by a TRE Certificate Holder, the CRO or authorized officer of RAD may, after recording reasons in writing and giving a notice in writing and under intimation to the Board, suspend operation of all Trading Terminals of such TRE Certificate Holder, whenever in its opinion it is necessary to take an emergent action in the best interest of market till the time an opportunity of hearing is provided to the concerned TRE Certificate Holder in accordance with clause 20.4.1 and a final decision is taken within thirty days.

20.3.4 In the event of refusal by the Commission to renew Securities Broker registration of a TRE Certificate Holder or failure by the TRE Certificate Holder to apply for renewal till the date of expiry of the Securities broker registration, or cancellation of registration by the Commission, the CRO or an authorized officer of RAD shall suspend all Trading Terminals of such TRE Certificate Holder after obtaining confirmation of the Commission.

20.4. HEARING PROCEDURES:

20.4.1 The CRO or any officer of RAD not below the level of Senior Manager and authorized in this regard by the CRO, shall have the authority to conduct a hearing in respect of any violation/ non-compliance by a TRE Certificate Holder of provisions of these Regulations. The Chief Executive Officer or any other Senior Management Officer of the TRE Certificate Holder concerned or any of its Representatives who is well conversant with the case and is authorized in this regard shall appear for the hearing with proof of such authorization. Upon completion of the hearing, the officer of RAD who conducted the hearing shall send his recommendations to the CRO for his approval and final decision.

20.4.2 All cases of violation/ non-compliance by a TRE Certificate Holder shall be disposed-off within sixty (60) days of the date of first hearing by the RAD.

20.4.3 In case hearing could not be disposed-off within the prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay shall be communicated in writing to the RAC, which may grant further extension of time for the disposal of the case.

20.4A. APPEAL PROCEDURES:

20.4A.1. An appeal by an aggrieved TRE Certificate Holder against the decision of the CRO, shall be heard and decided by the Appellant Committee constituted by the Board, which shall include industry expert(s), senior management staff and

independent director(s) of the Exchange. The decision of the Appellant Committee in such appeal shall be final and binding on the concerned TRE Certificate Holder.

Provided that no member of the Appellant Committee shall have any association with either party of the appeal.

20.4A.2. The TRE Certificate Holder filing an appeal under Clause 20.4A.1 shall comply with the following:

(a) The appeal shall be filed with the Appellant Committee within 30 days of receipt of the decision of CRO by the concerned TRE Certificate Holder.

(b) The appeal processing fee of PKR 5,000 shall be paid together with the appeal application.

Provided that the appeal processing fee shall be refunded to the Securities Brokers if the Appellant Committee overturns the original decision or varies it in the manner sought by the Appellant. The Appellant Committee may also order to refund, in full or part, the appeal processing fee for any other reason.

(c) The TRE Certificate Holder shall submit pay order/ bank draft in favor of the Exchange equivalent to the appeal processing fee together with the appeal application.

(d) The appeal application must contain the grounds along with supporting documentary evidences where applicable, clearly indicating the relief to be sought. The supporting documentary evidence may include any new evidence that was not produced at the time of initial hearing or there is any fact/ evidence which was ignored/ overlooked in the initial enforcement order.

(e) The presence of Chief Executive Officer of TRE Certificate Holder is encouraged in the hearing proceeding. In case of his unavailability due to unavoidable circumstances, he may authorize any Senior Management Officer, well conversant with the case to appear for the hearing with proof of such authorization. The official(s) of the TRE Certificate Holder may appear at the hearing together with the consultant.

20.4A.3. An appeal filed pursuant to above decisions, shall be heard and decided within forty-five (45) days of its filing. However, if such appeal is not decided within this prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay along with the required time extension shall be communicated in writing to the Board.

20.4A.4. No second appeal shall be entertained against the decisions of the Appellant Committee.

20.5. DISCIPLINARY ACTIONS:

20.5.1. Pursuant to Clause 20.4 hereinabove, the CRO may initiate disciplinary actions against a TRE Certificate Holder under sub-clause 20.5.2 when it is prima facie established that such TRE Certificate Holder has breached one or more of the PSX Regulations or failed to comply with a procedure, order, notice, guideline, direction, decision, clarification or circular of the Exchange or failed to provide any required information or provided incomplete, false, forged or misleading information to the Exchange as may be required from time to time.

20.5.2. GENERAL DISCIPLINARY ACTIONS:

Disciplinary actions that may be taken pursuant to sub-clause 20.5.1 are as follows:

(a) Issue a warning in writing to act more carefully and vigilantly;
(b) Reprimand in writing that the conduct warrants censure;
(c) Impose a fine;
(d) Impose any one or more conditions or restrictions including but not limited to the following:
    (i) Decrease capital adequacy by up to 50%;
    (ii) Prohibit opening of trading account of new clients;
    (iii) Restrict buy side to ensure no further exposure is taken by Securities Broker;
    (iv) Reduce the settlement period;
    (v) Allow trading under pre-settlement mechanism only; and/or
    (vi) Restrict or suspend the Securities Broker's trading activities in a particular market/product or any other service provided by the Securities Broker on such terms and for such period as CRO may think fit.
(e) Mandate educational qualification, training or such other program as may be determined by the relevant authority to be undertaken or implemented by the Securities Broker for its employees;
(f) Direct to take remedial actions to rectify the breach including appropriate action(s) against any of its employees concerned behind such breach, whether directly or indirectly ; and/or take such other action as the relevant authority may deem appropriate;
(g) Suspend any or all Trading Terminals.

20.5.3. In determining the sanctions, the relevant authority is to take into account the following factors:

(a) the nature and seriousness of the non-compliance;
(b) the duration and frequency of the non-compliance;
(c) the manner in which the non-compliance was discovered;
(d) the actual or potential market impact of the non-compliance, and any other consequences;
(e) whether the non-compliance was deliberately, recklessly or negligently caused;
(f) the general compliance history of the relevant TRE Certificate Holder and specific history relating to the non-compliance;
(g) the conduct and remedial action taken by the relevant TRE Certificate Holder in responding to the matter;

(h) the nature and severity of sanctions which would be fair in the circumstances, taking into consideration the relevant aggravating and mitigating factors; and/or
(i) consistent and fair application of the regulations;

20.5.4. If investigations suggest that the law prohibiting market misconduct could have been breached, the matter will be referred to the SECP for further investigation and action.

20.5.5. The CRO may, considering the factors identified under 20.5.3, recommend the Board through RAC to exercise disciplinary powers under clause 20.20.

20.5.6. If the CRO has reasons to believe that the broker, its sponsors, directors and/ or senior management officers are no longer fit and proper persons, it shall refer the matter to the Commission.

20.6. SPECIFIC DISCIPLINARY ACTIONS:

In case it is established that a TRE Certificate Holder has failed to comply with any PSX Regulation(s) in respect of matters specified in Clauses 20.7, 20.8, 20.9, 20.10, 20.11, 20.12, 20.13 and 20.14 below, the CRO may, in addition to or apart from the general disciplinary actions prescribed in sub-clause 20.5.2., take any one or more of the specific disciplinary actions provided in the respective sub-clauses as aforesaid by considering the factor(s) laid down in Clause 20.5.3.

20.7. DISCIPLINARY ACTIONS IN RESPECT OF AUDIT ACTIVITIES:

20.7.1. If the audit report identifies any non-compliance(s) including that of the Articles, Regulations, Securities laws and regulations and directives/notices/circulars/guidelines of the Exchange, Commission, etc., the CRO may, after giving the TRE Certificate Holder an opportunity of being heard, impose a fine not less than Rs 10,000/- but not exceeding Rs. 200,000/- per instance of non-compliance, in addition to the specific Penalty/enforcement action as provided in the relevant law, rules and regulations.

20.7.2. If a TRE Certificate Holder fails to co-operate with the Auditor, the CRO shall upon receiving a written complaint from the Auditor, call a hearing of the TRE Certificate Holder and the Auditor and may impose a fine not exceeding Rs.100,000/- on the said TRE Certificate Holder. If the TRE Certificate Holder, subsequent to the imposition of the said fine fails to cooperate with the Auditor or fails to pay the fine, the CRO shall refer the matter to RAC/Board as the case maybe for initiation of disciplinary actions under PSX Regulations.

20.7.3. If any TRE Certificate Holder fails to pay the audit fees and charges within the specified time, the CRO may impose a Penalty on such TRE Certificate Holder as it may deem fit.

20.7.4. Where the Exchange neglects or otherwise fails to take necessary action against a TRE Certificate Holder, the Commission may suo-moto or on receiving any complaint after giving due opportunity of hearing to the TRE Certificate Holder, impose penalties as provided above and take such other necessary action as deemed fit by the Commission.

20.8. DISCIPLINARY ACTIONS IN RESPECT OF COLLATERAL ACCOUNT AND/OR SEGREGATION OF CLIENTS' ASSETS:

20.8.1. DISCIPLINARY ACTIONS IN RESPECT OF COLLATERAL ACCOUNT:

In case of non-compliance of sub-clause 4.17.1.(c) or 4.17.3 by a TRE Certificate Holder, CRO may, after providing an opportunity of hearing in accordance with clause 20.4. hereinabove, impose a penalty on such TRE Certificate Holder equivalent to 1.0% of the market value of securities moved, subject to a maximum penalty of Rs. 1 million.

20.8.2. DISCIPLINARY ACTIONS IN RESPECT OF SEGREGATION OF CLIENTS' ASSETS:

In case non-compliance with sub-clause 4.17.1.(a), 4.17.1(b) or 4.17.2 by a TRE Certificate Holder is established, the CRO may, after providing an opportunity of being heard in accordance with clause 20.4. hereinabove, impose penalty equivalent to 5.0% of the funds and/or market value of securities moved, as the case may be, subject to a maximum of Rs. 2 million on such TRE Certificate Holder.

20.8.3. DISCIPLINARY ACTIONS IN RESPECT OF REPORTING OF CLIENTS' ASSETS SEGREGATION STATEMENT:

In case non-compliance of Clause 4.17.4 or 4.17.5 by a TRE Certificate Holder is established, the CRO may, after providing an opportunity of being heard in accordance with clause 20.4. hereinabove, impose a penalty of Rs. 100,000 and after issuing notice for seeking explanation of such non-compliance within three (3) trading days of issuance of notice switch off all Trading Terminals, except one; in case of non-submission of requisite information or unsatisfactory explanation.

20.9. DISCIPLINARY ACTIONS IN RESPECT OF CONFIRMATION OF CLIENTS' ORDERS BY TRE CERTIFICATE HOLDERS/ BROKERS:

In case of non-compliance with Clause 4.18, the CRO may, after providing an opportunity of being heard in accordance with clause 20.4. hereinabove, impose a fine not less than Rs. 20,000/- but not more than Rs. 50,000/- per default.

20.10. DISCIPLINARY ACTIONS IN RESPECT OF TRADING BY EMPLOYEES OF BROKERAGE HOUSES:

The CRO may, after providing an opportunity of being heard in accordance with clause 20.4. hereinabove, impose a fine not more than Rs100,000/- on the TRE Certificate Holders for any single breach/violation of Clause 4.20 hereinabove including the Code of Conduct by the TRE Certificate Holders or its employees.

20.11. DISCIPLINARY ACTIONS IN RESPECT OF INTERNET BASED TRADING:

In case of non-compliance with sub-clause 9.12.3, the CRO may, after providing an opportunity of being heard to the Broker in accordance with clause 20.4, hereinabove, impose a fine of not more than Rs. 500,000/- per instance of non-compliance.

20.12. DISCIPLINARY ACTIONS IN RESPECT OF PROPRIETARY TRADING ACTIVITIES:

If a TRE Certificate Holder contravenes with any provisions of Chapter 7 of PSX Regulations, the CRO may, after giving an opportunity of hearing in accordance with clause 20.4. hereinabove, by order in writing take any one or both of the following disciplinary actions against such TRE Certificate Holder:

(a) Impose a fine not exceeding Rs.200,000 per contravention.
(b) Suspend the Trading Terminals for a period determined by the Board from time to time.

20.13. DISCIPLINARY ACTIONS IN RESPECT OF TRADING SYSTEM ACTIVITIES:

The CRO shall, in the event of non-compliance of any provision of Chapter 8 of these Regulations, after providing an opportunity of being heard in accordance with clause 20.4. hereinabove, take any one or both of the following disciplinary actions against such TRE Certificate Holder:

(a) Impose fine not exceeding Rs. 1 million.
(b) Suspend any or all Trading Terminals up to a period of three (3) months and on second or third violation suspension of trading may be extended to 1-2 years.

20.14. DISCIPLINARY ACTIONS IN RESPECT OF SHORT SALE/BLANK SELLING ACTIVITIES:

20.14.1. In case a TRE Certificate Holder, contravenes any provision of Chapter 10 or Chapter 13 of PSX Regulations, on its proprietary account or client's account on UIN basis, the CRO may, after providing an opportunity of being heard to the Broker in accordance with Clause 20.4 hereinabove take the disciplinary action(s) against such TRE Certificate Holder as specified in clause 20.5 and/or as specified below:

(a) First Violation:

(i) In case of non-compliance in client's account:

i. 5% of the value of such Short/Blank Sale or Rs. 100,000/- whichever is higher; and/or
ii. confiscation of profits made on such Short/Blank Sale.

(ii) In case of non-compliance in proprietary account:

i. 10% of the value of such Short/Blank Sale or Rs. 200,000/- whichever is higher; and/or
ii. confiscation of profits made on such Short/Blank Sale.

(b) Second Violation within one year of First Violation:

(i) In case of non-compliance in client's account:

i. 10% of the value of such Short/Blank Sale or Rs. 200,000/- whichever is higher; and/or
ii. confiscation of profits made on such Short/Blank Sale.

(ii) In case of non-compliance in proprietary account:

i. 20% of the value of such Short/Blank Sale or Rs. 400,000/- whichever is higher; and/or
ii. confiscation of profits made on such Short/Blank Sale.

(c) Subsequent violation within one year of Second Violation:

(i) In case of non-compliance in client's account:

i. 20% of the value of such Short Sale or Rs. 400,000/- whichever is higher; and/or
ii. confiscation of profits made on such Short/Blank Sale.

(ii) In case of non-compliance in proprietary account:

i. 40% of the value of such Short Sale or Rs. 800,000/- whichever is higher; and/or
ii. confiscation of profits made on such Short Sale.

20.15. DISCIPLINARY ACTIONS IN RESPECT OF MATTERS RELATED TO SUBMISSION OF FINANCIAL INFORMATION:

In case of non-compliance with regulation 4.26 of the Regulations, the CRO shall issue a notice of seven (7) days to the Securities Broker for ensuring compliance. Upon failure to comply, the CRO shall immediately restrict the trading facility of such Securities Broker and shall only allow it to close out the open position in a controlled environment. Such restrictions shall remain in force until the Securities Broker submits the information and, where the action is taken due to non-submission of information to the Commission, after seeking confirmation from the Commission.

Provided that actions against a Securities Broker for failure to provide any information to the Commission, as required under regulation 4.26, shall be taken by the Exchange upon details of such non-submission by the Securities Broker being provided to the Exchange by the Commission.

20.15A. DISCIPLINARY ACTIONS IN RESPECT OF PASSING OF MEMBERS' RESOLUTION FOR VOLUNTARY WINDING-UP:

In case the TRE Certificate Holder passes members' resolution for voluntary winding-up without complying with the procedure prescribed under Clause 4.9A, the Exchange shall suspend the trading terminals of such TRE Certificate Holder until further notice.

20.15B. COMPLIANCE WITH PSX REGULATIONS BY THE PCM:

20.15B.1. The PCM shall comply with the applicable requirements of these Regulations as specified by the Commission.

20.15B.2. In case PCM is found non-compliant with the requirements of clause 20.15B.1, the Exchange shall refer such case to the Commission for further investigation/inspection and/or enforcement action(s) as deemed appropriate by the Commission.

20.16. CONSEQUENCES OF TRE CERTIFICATE HOLDER'S SUSPENSION / CANCELLATION / FORFEITURE OF TRE CERTIFICATE:

20.16.1. A suspended TRE Certificate Holder, during the terms of his suspension, will not exercise or enjoy any of the rights or privileges of TRE Certificate.

20.16.2. The suspension or cancellation/forfeiture of a TRE Certificate shall not affect the right of creditors against such TRE Certificate Holder.

20.16.3. The Exchange shall, as soon as possible, notify together with cause of such suspension/cancellation/ forfeiture to the TRE Certificate Holders and the public through placement on its website any decision of suspension or cancellation/forfeiture of a TRE Certificate. Further, in case of cancellation/forfeiture of TRE Certificate, Exchange shall publish such notice in at least two widely circulated newspapers.

20.16.4. A TRE Certificate Holder shall not, without the special permission of the Board, carry on business for or with an individual TRE Certificate Holder or in case of Corporate Brokerage House, its Nominee Director/Chief Executive and other directors (holding 20% or more of its shares) who has been suspended or whose TRE Certificate has been cancelled/forfeited by the Exchange.

20.16.5. When a TRE Certificate is cancelled/forfeited, all the rights and privileges of concerned TRE Certificate Holder shall stand withdrawn but any liability of any such TRE Certificate Holder to the Exchange or to any other TRE Certificate Holder of the Exchange shall continue and remain unaffected by cancellation.

20.16.6. Upon cancellation/forfeiture of a TRE Certificate, the Exchange may utilize the following assets of TRE Certificate Holder, as applicable depending upon category of Securities Broker, for the purpose of discharging such TRE Certificate Holder's obligations related to transactions and dealings made subject to any PSX Regulations or NCCPL Regulations towards NCCPL, other TRE Certificate Holders and customers:

(a) All monies, securities and other assets due or deliverable to the TRE Certificate Holder by any other TRE Certificate Holder of the Exchange or NCCPL in respect of transactions or dealings made subject to any Regulations of the Exchange or NCCPL;
(b) Securities, if any, held in the custody of the Exchange;
(c) Securities available in the House Account and Investor Account of the Defaulter;
(d) Securities available in the Sub-Account established by the PCM or Trading and Clearing Securities Broker in CDS for maintaining custody of securities belonging to the defaulted TRE Certificate Holder;
(e) Securities and/or cash/bank guarantee, if any, held in the custody of NCCPL;
(f) Base Minimum Capital maintained with the Exchange in accordance with the Regulations Governing Risk Management of the Exchange; and
(g) Funds available in the proprietary and client-titled bank account(s) of the Defaulter, which shall be utilized to satisfy claims on pro-rata basis if the admitted claims exceed the amount of funds recovered.

Provided that in case where a TRE Certificate Holder has a subsisting right to transfer its TRE Certificate, such TRE Certificate will not be cancelled and instead shall be forfeited and transferred by the Exchange and proceeds shall be utilized under these Regulations. However, all the provisions of these regulations applicable consequent upon cancellation of TRE Certificate shall remain so applicable on the TRE Certificate Holder considering as if its TRE Certificate has been cancelled.

20.16.7. No TRE Certificate Holder shall, without special permission of the Board, take into or continue in his employment in any capacity in any business carried on by him, a former TRE Certificate Holder whose TRE Certificate has been suspended, cancelled or forfeited.

20.17. DISPOSAL OF ASSETS COMPRISING BASE MINIMUM CAPITAL AND PROCEEDS OF SHARES OF EXCHANGE HELD IN THE BLOCKED ACCOUNT THEREOF:

20.17.1. The assets comprising Base Minimum Capital and proceeds of shares held in the blocked account, shall be free of all rights, claims or interest of such TRE Certificate Holder or anyone else and the Exchange shall be entitled to deal with or dispose of such assets in such manner and at such price, as the Exchange may consider fit. If the Exchange disposes-off

the assets, the sale proceeds thereof, shall be utilized exclusively for satisfying the customers' claims against the TRE Certificate Holder. Any amount remaining unutilized shall be deposited in the CCPF, subject to clause 21.7.3 below.

20.17.2. In case the customers' claims admitted by the Exchange against a TRE Certificate Holder, in accordance with the procedures specified by the Exchange from time to time, are more than the balance amount left unutilized out of the amount realized from Base Minimum Capital and proceeds of shares held in the blocked account for satisfying such claims, all the claims will be satisfied on pro-rata basis. The claims still remaining unsatisfied after pro-rata sharing will then be paid from the CCPF in accordance with chapter 24 of PSX Regulations.

20.17.3. Notwithstanding anything contained hereinabove, the Exchange may, with prior approval of the Commission, where amount realized from Base Minimum Capital and proceeds of shares held in the blocked account, subject to compliance with the applicable laws are not immediately available, for any reason whatsoever, in the interest of the customers allow settlement of customers' admitted claims first from the CCPF to the extent of the maximum permitted amount provided under chapter 24 (Centralized Customers Protection Compensation Fund (CCPF) Regulations). However, in the event the amount realized from Base Minimum Capital and proceeds of shares held in Blocked Account become available subsequently, then after satisfaction of all claims as provided for in 20.17.1 above, any amount remaining unutilized out of the amount realized from Base Minimum Capital and proceeds of shares held in Blocked Account, shall be deposited in the CCPF, subject to Clause 21.7.3 below.

20.18. VERIFICATION OF INVESTORS' CLAIMS, INSPECTION OF BOOKS & RECORDS AND CONDUCTING OF ENQUIRY:

20.18.1. The Exchange may verify genuineness of investors' claims against a TRE Certificate Holder and may inspect books and records of any TRE Certificate Holder and/or conduct enquiry into his/its dealings and business affairs for verification of investor's claims and/or for checking compliance with the Regulations and for this purpose may also appoint an auditor selected from the panel of auditors prescribed by the Exchange under chapter 23 captioned "System Audit (Regulatory Compliance)" of the PSX Regulations.

20.18.2. In exercise of the powers conferred under Regulation 3.16.8, the Exchange may, after obtaining written authority from the concerned TRE Certificate Holder, seek balance confirmation of the client-titled bank accounts maintained by the TRE Certificate Holder from the designated branch of the concerned bank.

20.19. RESTORATION OF TRE CERTIFICATE:

The Board may, by passing a resolution in this regard, restore TRE Certificate of any TRE Certificate Holder whose TRE Certificate may have been cancelled/forfeited, if such TRE Certificate Holder submits an application within one year of cancellation/forfeiture of his/its TRE Certificate and proves to the satisfaction of the Board the removal of cause of cancellation/forfeiture of TRE Certificate.

Provided that a TRE Certificate Holder shall only be restored if:

(a) In the case of forfeiture , the TRE Certificate has not yet been disposed-off by the Exchange;
(b) All the investor complaints, lodged with Exchange and the Commission against such TRE Certificate Holder, are settled/withdrawn. However, Exchange shall also obtain prior written consent from all complainants with regard to their settlements/withdrawals;
(c) Prior written confirmation of the Commission is obtained to confirm the 20.19.(a) above.

The Board shall not restore a TRE Certificate cancelled/forfeited on violation/non-compliance of regulation 20.1.1.(a), (b), (i) and (k) above.

20.20. DISCIPLINARY POWERS OF THE BOARD:

Without prejudice to the generality of the powers vested in the Board and in addition to the disciplinary actions/powers envisaged under clause 20.5 that the CRO may take, the Board may further exercise any one or more of the following disciplinary powers against a TRE Certificate Holder pursuant to clause 20.1:

(a) Impose a fine up to a maximum of Rs. 5 million;
(b) Suspend, withdraw or revoke the right of the TRE Certificate Holder's access to the Trading System on such terms and for such period as the Board may deem fit;
(c) Restrict or suspend TRE Certificate Holder's trading activities in a particular market / product available for trading at the Exchange on such terms and for such period as the Board may deem fit;
(d) Suspend a TRE Certificate on such terms and for such period as the Board may deem fit;
(e) Cancel / Forfeit / Revoke TRE Certificate;
(f) Recommend to the Commission to suspend or revoke the registration of a Representative of the TRE Certificate Holder; and/or
(g) Take any other action as the Board may deem fit; subject to prior consultation with the Commission.

20.21. GENERAL:

20.21.1. Where a TRE Certificate Holder is found guilty of non-compliance with any provision of PSX Regulations, and no specific penalty for such non-compliance has been prescribed in the PSX Regulations, the CRO may impose an amount of fine upto Rs. 5 million.

20.21.2. Notwithstanding any disciplinary proceedings being instituted against the TRE Certificate Holder or any conditions being imposed upon it and/or any of its rights being suspended a TRE Certificate Holder shall continue to remain bound by PSX Regulations and the disciplinary procedures of the Exchange.

20.21.3. Where the Board has ordered for forfeiture of TRE Certificate of a TRE Certificate Holder under this Chapter and if such TRE Certificate Holder has a subsisting right to transfer its TRE Certificate, then such TRE Certificate will not be cancelled and instead shall be forfeited and transferred by the Exchange and proceeds shall be utilized under these Regulations and all the provisions of these Regulations applicable consequent upon cancellation of TRE Certificate shall continue to remain applicable on the TRE Certificate holder treating it as if its TRE Certificate has been cancelled.

20.21.4. LIABILITIES:

(a) A TRE Certificate Holder who shall for any reason have ceased to be a TRE Certificate Holder of the Exchange shall nevertheless remain liable for and shall pay to the Exchange all monies, which at the time of it ceasing to be a TRE Certificate Holder shall have been due by him to the Exchange.

(b) The Exchange, its directors, employees, or representatives or any other person or entity associated with the Exchange shall have no liability whatsoever for any losses, damages, claims, legal costs or other expenses that a TRE Certificate holder may suffer or incur, whether directly or indirectly (including any loss of profit or any damage or reputation) by reason of any disciplinary proceedings instituted or disciplinary measures taken pursuant to PSX Regulations.

20.21.5. All penalties collected by the Exchange through powers exercised under these regulations shall be deposited in the CCPF.

Chapter 21: DEFAULT MANAGEMENT IN RESPECT OF TRE CERTIFICATE HOLDERS / BROKERS REGULATIONS

21.1. DEFINITIONS:

In this chapter, the following expressions shall, unless the context requires otherwise, have the meanings herein specified below:

(a) "Default Management Committee" shall mean a committee of such name established under the NCCPL Regulations;
(b) "Default Committee" shall mean a committee constituted by the RAD from time to time;
(c) "Defaulter" shall mean a TRE Certificate Holder/Securities Broker declared as a defaulter by the Board in accordance with these Regulations;
(d) "NCCPL Final Notice" shall mean a notice issued to a suspended Securities Broker by NCCPL pursuant to NCCPL Regulations requiring the suspended Clearing Member to pay his final liabilities as determined by the Default Management Committee.

21.2. SUSPENSION ON ACCOUNT OF SETTLEMENT FAILURE OR FAILURE TO PAY OTHER AMOUNTS:

21.2.1. (a) In case a Securities Broker fails to pay any amount payable by him or fails to deliver securities to the Exchange or to other Securities Broker(s) as directed by the Exchange in accordance with these Regulations, the Exchange shall issue a notice requiring Securities Broker to rectify the default within prescribed time. On failure to comply with the notice by the Securities Broker within the time specified in such notice, the trading rights of such Securities Broker shall be restricted or suspended by the Exchange by issuing a notice in writing, a copy of which shall also be delivered to NCCPL, CDC, PCM and/or the Trading and Clearing Securities Broker as the case may be.

(b) Upon receiving of a notice from the Exchange under Clause 21.2.1(a):
(i) the NCCPL shall also restrict or suspend such Securities Broker's access to the services offered by NCCPL under relevant NCCPL Regulations.
(ii) PCM and/or the Trading and Clearing Securities Broker, as the case may be, shall also initiate consequential action, if any, against the concerned Trading Only Securities Broker or Online Only Securities Broker.

21.2.2. In case a Securities Broker is suspended by NCCPL as its Clearing Member in accordance with NCCPL Regulations or its agreement has been suspended by PCM or Trading and Clearing Securities Broker in case of Trading Only Securities Broker or Online Only Securities Broker and:

(a) if the suspension notice is received after the trading hours of the Exchange, the Exchange shall immediately suspend such Securities Broker; and
(b) if such suspension notice is received during the trading hours of the Exchange, the Exchange shall immediately restrict such Securities Broker's access to all Trading Terminals in a manner that such Securities Broker is not able to take any further exposure in any of the Markets during the remaining trading hours on that day, provided that one or more Trading Terminals of such Securities Broker may be operated under the supervision of the Exchange for the purpose of reducing his exposure. The Exchange shall suspend such Securities Broker after the end of the trading hours on that day.

21.3. CLOSING OUT OF UNSETTLED AND OPEN POSITIONS:

21.3.1. Upon suspension of a Securities Broker, the matter shall be referred to the Default Management Committee. The Exchange shall provide all data and information relating to the unsettled and open positions of the suspended Securities Broker in All Markets, trades, contracts and transactions, if not available with NCCPL, to the Default Management Committee.

21.3.2. The suspended Securities Broker's unsettled and open positions in all Markets shall be closed-out and squared up by NCCPL in coordination with the Exchange in the manner specified by the Default Management Committee and final liability of the suspended Securities Broker shall be determined by the Default Management Committee.

21.3.3. Upon receipt of copy of NCCPL Final Notice, the Exchange shall serve a final notice to the suspended Securities Broker calling upon the suspended TRE Certificate Holder to pay the liabilities stated in the NCCPL notice within the time allowed in said notice.

21.4. DECLARATION AS DEFAULTER:

21.4.1. Upon receipt of a notice from NCCPL declaring the suspended Securities Broker as defaulter under NCCPL Regulations, such Securities Broker shall be declared Defaulter by the Board under relevant regulations of the Exchange.

21.4.2. A Securities Broker against which a winding-up order has been passed by the Court for failure to discharge its obligations towards creditors or a resolution for creditors' voluntary winding-up has been passed shall ipso facto be declared as a defaulter.

21.4.3. A TRE Certificate Holder whose TRE Certificate has been cancelled or forfeited by the Exchange or whose Securities Broker license was cancelled by the Commission due to non-compliance of any applicable laws, rules, regulations, notices, procedures, guidelines, directions, failure or refusal to abide by or carry out the award of arbitrator(s) or for non-settlement of customers' claims as directed by the Board etc., shall be considered and declared as a defaulter for the purpose of these Regulations.

21.4.4. A Trading Only Securities Broker or Online Only Securities Broker whose agreement with PCM or a Trading and Clearing Securities Broker has been cancelled or where the Commission cancels the license of PCM or Trading and Clearing

Securities Broker, the concerned Trading Only Securities Broker or Online Only Securities Broker shall be restricted or suspended, as the case may be, by the Exchange in the manner and to the extent as determined by the Exchange. The Exchange shall determine the reasons for cancellation of Trading Only Securities Broker's or Online Only Securities Broker's agreement with PCM or a Trading and Clearing Securities Broker, or cancellation of license of PCM or Trading and Clearing Securities Broker. On such determination, the Exchange may invite claims from customers of such Trading Only Securities Broker or Online Only Securities Broker, give it time to enter into an agreement with other eligible person for availing custodial and clearing services for its customers within such timeframe as specified by the Exchange, declare it as a defaulter for the purpose of these Regulations, or take such other action as deemed appropriate by the Exchange.

Provided that where a PCM is declared defaulter by NCCPL or it defaults on its obligations towards its customers and fails to settle such obligations within a reasonable time as determined by the Exchange, or a Trading and Clearing Securities Broker is declared defaulter, the Trading Only Securities Broker or Online Only Securities Broker which has entered into an agreement with such PCM or Trading and Clearing Securities Broker shall be declared defaulter by the Exchange and required to enter into an agreement with other eligible person for availing such custodial and clearing services for its customers within such timeframe as specified by the Exchange. However, no other consequential actions shall be taken against the Trading Only Securities Broker or Online Only Securities Broker under these Regulations unless it is determined by the Exchange that such Trading Only Securities Broker or Online Only Securities Broker has caused or was part of causing the default on obligations towards customers. Where it is determined otherwise, the declaration of defaulter of the Trading Only Securities Broker or Online Only Securities Broker shall be reverted once all customer claims are settled under these Regulations.

Provided further that where a Trading Only Securities Broker or Online Only Securities Broker has not caused or was not part of causing the default on obligations towards customers, assets of such Trading Only Securities Broker or Online Only Securities Broker shall not be utilized towards settlement of customers' claims.

21.4.5. Provided further that in case of any difficulty, the Exchange may determine any alternate manner and requirements for handling default of PCM, Trading and Clearing Securities Broker, Trading Only Securities Broker or Online Only Securities Broker with prior approval of the Commission.

21.5. CONSEQUENCES OF DEFAULT:

When a Securities Broker has been declared a Defaulter by the Board, the Exchange shall at once forfeit or cancel its TRE Certificate, if such TRE Certificate has not been already forfeited/ cancelled, and such Broker shall cease to be a TRE Certificate Holder of the Exchange. All the assets of such Securities Broker under the control of the Exchange including Base Minimum Capital shall be utilized by the Default Committee in accordance with the requirements of this Chapter.

21.6. COMPOSITION AND FUNCTIONS OF THE DEFAULT COMMITTEE:

The Default Committee shall comprise TRE Certificate Holder(s), relevant management official(s) of the Exchange and industry expert(s). The number of TRE Certificate Holders in the Default Committee shall not exceed one-third of its total number.

The Default Committee shall manage and supervise all proceedings relating to the collection and realization of the assets of a Defaulter in accordance with these Regulations.

21.6.1. *DEFAULTERS' ASSETS*:

The Default Committee shall recover securities and assets of the Defaulter and shall, if not contrary to the provisions of any law for the time being in force, vest the same with the Exchange for utilization in accordance with these Regulations. Without prejudice to the generality of the foregoing the assets of a Defaulter shall include:

(a) Office(s) within the Exchange premises, if any, in the control of the Exchange;
(b) Base Minimum Capital maintained with the Exchange in accordance with the Chapter 19 of these Regulations;
(c) Securities available in the House Account and Investor Account of the Defaulter;
(d) Securities available in the Sub-Account established by the PCM or Trading and Clearing Securities Broker in CDS for maintaining custody of securities belonging to the defaulted TRE Certificate Holder; and
(e) Funds available in the proprietary and client-titled bank account(s) of the Defaulter.

21.6.2. *CLAIMS AGAINST DEFAULTER*:

The Default Committee:

(i) shall issue public notice inviting claims within a period not less than thirty (30) days from the date of such notice, against the Defaulter relating to Defaulter's obligations other than those which are already included in the closing out process pursuant to the relevant NCCPL Regulations, from all TRE Certificate Holders and investors. Such notice shall be published on the Exchange's website and published in at least two widely circulated newspapers of Pakistan in Urdu and English languages;
(ii) shall dispatch the Investor's Complaint/ Claim Form available on the Exchange's website at the registered address of each customer of the Defaulter available with CDC and/ or NCCPL;
(iii) shall issue reminder notice(s) during the claim invitation period;
(iv) may, however, entertain any claim against the Defaulter which is not submitted within the prescribed time limit for any plausible reason(s) to be recorded in writing.

Provided that late filed claims will not be entertained once initial draft report of the auditors has been received. The Default Committee shall issue public notice informing that it shall not entertain any further claims and such notice shall be placed on the Exchange's website and published in at least two widely circulated newspapers of Pakistan in Urdu and English languages;

(v) shall also not entertain any claim against the Defaulter which does not arise out of any contract made between a claimant and such Defaulter subject to the Regulations of the Exchange or NCCPL;

(vi) shall verify each claim to ascertain its genuineness and for this purpose shall employ the services of an independent expert or an auditor selected from the panel of auditors prescribed by the Exchange under Chapter 23 (System Audit [Regulatory Compliance] Regulations);

(vii) shall consider the date of forfeiture/ cancellation of TRE Certificate of a Defaulter as the date for valuation of securities claimed by its customers.
Provided where a court of law or any other competent authority restrains the Exchange from forfeiting/ cancelling the TRE Certificate, the Default Committee shall consider the date of suspension of TRE Certificate Holder as the date for valuation of securities claimed by its customers; and

(viii) shall complete the process of verification of claims within 120 days from the date of expiry of the notice issued by the Exchange for inviting claims under Clause 21.6.2.(i). In case the Default Committee is unable to complete the verification process within stipulated time, the RAC may on the written request and submission of reasons by RAD, grant extension of time not exceeding 60 days. The Board shall have the authority to grant any further extension upon written request and submission of reasons by RAD.

21.6.3. *FALSE OR FICTITIOUS CLAIMS:*

The Board on the recommendation of Default Committee, may impose fine, suspend, cancel or forfeit the TRE Certificate of a TRE Certificate Holder when it is proved that any claim filed by such TRE Certificate Holder against the Defaulter was false or fictitious.

21.6.4. *ACCOUNTS OF THE DEFAULTER:*

The Default Committee shall keep a separate account in respect of the Defaulter`s assets covered under Regulations 21.6.1. above and shall defray there from all costs, charges and expenses incurred in or about the collection of such assets or in or about any proceedings taken by them in connection with the default.

21.6.5. *DISPOSAL OF THE DEFAULTER'S ASSETS:*

All assets of the Defaulter recovered or received by the Default Committee shall be disposed-off by the Default Committee.

21.6.6. *APPLICATION OF THE PROCEEDS*:

Proceeds of the Defaulter's assets realized by the Default Committee shall be utilized to settle claims admitted by the Default Committee as provided in Regulation 21.7 below.

21.7. SETTLEMENT OF CLAIMS:

21.7.1. The funds recovered from the sale of assets mentioned in Regulation 21.6.1. above, shall be distributed in the following priority:

(a) The amounts payable by the defaulter Securities Broker to other Brokers, in accordance with these Regulations and verified by the Default Committee pursuant to Regulation 21.6.2.

(b) Investors claims in accordance with these Regulations and verified by the Default Committee pursuant to Regulation 21.6.2.

Provided that in case the other Securities Brokers' and investors' claims admitted by the Exchange against a defaulter are more than the amount of funds recovered from the sale of assets mentioned in Regulation 21.6.1 above, all the claims will be satisfied on pro-rata basis. The investors' claims still remaining unsatisfied after pro-rata sharing will then be paid from the CCPF in accordance with the Chapter 24 [Centralized Customers Protection Compensation Fund (CCPF) Regulations].

21.7.2. Any surplus funds or assets available after satisfying claims in the above manner shall be deposited in the CCPF.

Provided where the amount of Base Minimum Capital and the proceeds of shares of Exchange held in the Blocked Account is not immediately available and contribution from CCPF is utilized first, prior to the sale of assets comprising Base Minimum Capital and proceeds of shares of Exchange held in Blocked Account, for satisfaction of claims admitted by the Exchange, any amount remaining unutilized out of the sale proceeds of the defaulter/non-compliant TRE Certificate Holder's assets, after satisfying customer claims and disbursement as per Clause 21.7.3 below, shall be deposited in the CCPF.

21.7.3. In case a TRE Certificate Holder defaults and such TRE Certificate Holder's claims pertaining to the period prior to integration of stock exchanges have been satisfied by LSE IPF Trust or ISE IPF Trust as per their applicable Regulations, any surplus amount remaining unutilized out of the sale proceeds of such defaulted TRE Certificate Holder's assets shall be reimbursed to LSE IPF Trust or ISE IPF Trust, as the case may be, to the extent of their maximum disbursement or on pro-rata basis as the case may be.
Provided further that the proceeds of the assets comprising the Base Minimum Capital and the shares of the Exchange held in Blocked Account of a Defaulter shall only be utilized towards satisfying customer claims in accordance with these Regulations.

21.8. BUSINESS WITH DEFAULTER FORBIDDEN:

Except with the prior permission of the Board, no Securities Broker shall carry on business for or with an entity where such entity or its directors, sponsors or substantial shareholders have been declared a Defaulter by the Exchange and notice regarding such prohibition has been issued by the Exchange.

Explanation: for the purpose of this chapter, the term "substantial shareholder" shall mean a shareholder holding more than 10% shares of a Securities Broker.

21.9. RE-ADMISSION OF A DEFAULTER:

21.9.1. If a Defaulter has paid his entire unpaid obligations to Exchange, NCCPL, TRE Certificate Holders, Non-Broker Clearing Members admitted into NCSS by NCCPL and Investors and has reimbursed the amount utilized from any of the funds established or maintained by the Exchange or NCCPL, the Board may upon recommendations of RAC subject to such conditions as they think fit re-admit a Defaulter, if in opinion of the Board such Defaulter:

(a) had defaulted owing to the default of his clients whom he might reasonably have expected to be good for their commitments.
(b) had not been guilty of bad faith or breach of any Regulations of the Exchange.
(c) had kept his operation within a reasonable proportion of his means or resources.

Provided that in the case of forfeiture, the re-admission will only be allowed if the TRE Certificate of such Defaulter has not yet been disposed-off by the Exchange.

21.9.2. A Defaulter shall not be re-admitted if his default had been contributed to by reckless dealings on his own account or his conduct had been marked by indiscretion and by the absence of reasonable caution and/or not in accordance with the Regulations of the Exchange and or NCCPL.

21.9.3. A TRE Certificate Holder who as an insolvent has been declared a Defaulter shall not be eligible for re-admission until he has paid in full all claims and dues against him and has been discharged as an insolvent by a court of competent jurisdiction.

21.9.4. A notice of every application by a Defaulter for re-admission shall be posted on the notice board of the Exchange for at least fifteen days previous to his re-admission decision.

21.9.5. Any TRE Certificate Holder or any other creditor intending to object to the re-admission of the Defaulter shall communicate the grounds of his objection to the Board by a letter within fifteen days of the date of posting of the notice of the application for re-admission. All such objections shall be deemed privileged and confidential.

21.10. CONFLICT RESOLUTION:

In case of any conflict in the matters prescribed in these regulations of the Exchange and NCCPL Regulations dealing with default management of defaulter Broker Clearing Member who is admitted into NCSS as Clearing Member by NCCPL, it shall be resolved by the Commission in consultation with Chief Executive Officers of the Exchange and NCCPL.

21.11. OVERRIDING EFFECT:

In case of any conflict or inconsistency between these Regulations and any other existing regulations of Exchange, these Regulations shall prevail to the extent of such conflict or inconsistency.

Chapter 22: BROKERS' OFFICE/BRANCH OFFICE REGULATIONS

22.1. DEFINITIONS:

In this chapter, unless there is anything repugnant in the subject or context:

(a) "Branch Head" shall mean a permanent employee of a Broker appointed or authorized to operate, manage and supervise the Office/Branch Office in accordance with the Regulations of the Exchange and who is registered in the UIN database of NCCPL.

Provided that the Chief Executive Officer of a Broker shall be deemed to be the Branch Head of the Broker's Main Office.

(b) "Broker's Main Office" shall mean an office where the Chief Executive Officer of a Broker supervises the said office himself/herself, provided number of such offices shall not exceed one at any time.

(c) "Broker's Telephone Booth(s)" shall mean the space within the Trading Hall of the Exchange where additional Trading Terminals and telephones are provided to the Securities Brokers and it shall be deemed to be a part of the Securities Broker's Main Office.

(d) "Certificate" shall mean a Certificate of Registration of the Office/Branch Office issued by the Exchange.

(e) "Head Office" shall mean a Securities Broker's Office/Branch Office designated as the principal place of business.

(f) "Office(s) or Branch Office(s)" shall mean an office opened and maintained by a Securities Broker within or outside the premises of the Exchange and includes Securities Broker's Main office but excludes the Securities Broker's Telephone Booth.

Provided that the operation of Trading Terminal, a terminal linked with the CDS in the capacity of CDC Participant, and/ or computer connected with the NCSS in the capacity of a Clearing Member within or outside Exchange Building shall also be treated as office(s) for the purpose of these Regulations.

Provided further that in case where a Securities Broker has only one location of operation, and does not have an Office/Branch Office at an alternate/second location, such Securities Broker shall mandatorily be required to install one Remote Disaster Recovery Terminal in accordance with the Trading Systems Regulations of the Exchange, and which shall not deemed to be office under these Regulations.

22.2. ELIGIBILITY CRITERIA FOR OPENING OFFICE(S) OR BRANCH OFFICE(S):

Only a Broker complying with the following conditions shall be eligible to open Office(s) or Branch Office(s):

(a) Any significant disciplinary action has not been taken against the Broker by the Commission, Exchange or CDC during the last 3 years for any material violations in relation to misuse or unauthorized use of customers' assets or segregation of customers' funds or where it has been found that an unauthorized person was involved in dealing with customers on commission basis for trading through the Broker;

(b) Any Sponsor, Director (excluding independent director and nominee director of the Government and financial institutions), or Senior Management Officer of the Broker has not been engaged in the capacity of Sponsor, Director or Senior Management Officer with any other Broker declared defaulter by Exchange or NCCPL or whose TRE Certificate has been forfeited or cancelled by the Exchange due to non-compliance of any applicable rules, regulations, notices, procedures, guidelines, etc.;

(c) The Broker should not be a party in litigation with the Commission or Exchange in respect of any criminal offence or a matter relating to non-payment of customer claims or in any other manner prejudicial to interests of customers and the general public;

(d) The general compliance history and past track record of the Broker in dealing with complaints and arbitration award(s) must be to the satisfaction of the Exchange.

EXPLANATION: For the purpose of this clause, the term 'significant disciplinary action' shall mean the following:

(i) Fine has been imposed;
(ii) Trading terminal(s) has been suspended by the Exchange as a final decision after granting the Broker an opportunity of being heard;
(iii) TRE Certificate has been suspended; or
(iv) CDC has suspended the Broker as its participant.

22.3. PROCEDURE FOR OPENING OF OFFICE/BRANCH OFFICE:

A Broker may open its Office(s)/Branch Office(s) within and outside the premises of the Exchange for conducting business and trading of securities in accordance with these Regulations as well as the law applicable in this behalf subject to prior approval of the Exchange in writing and completion of the following formalities:

(a) making of an application on the form attached as Annexure-A;
(b) an undertaking on the form attached as Annexure-B;
(c) list of products/services to be offered at the new branch;

(d) system of supervision and controls employed at the new branch;
(e) detail of payment of Registration fee per office/per branch as prescribed by the Exchange from time to time;
(f) copy of the documents evidencing ownership of the Office or Branch Office and/or Agreement with owner of the office, if that office is not owned by the Broker;
(g) name of the Branch Head of the office, his/her residential and permanent addresses, copy of CNIC, two latest photographs, and detailed profile;
(h) list of employees planned to be appointed at the Office(s)/ Branch Office(s), along with their CNIC and residential and permanent addresses and the same information shall be updated on UIN database of NCCPL before opening of such branch;
(i) the Broker shall submit details of the number of all Trading Terminals (online or otherwise) including IP addresses of each such terminal installed at the new branch, within one month from the date of opening of branch.

Provided further that the Broker shall complete and submit above information with the Exchange at least 30 days prior to proposed date of opening of its Office/Branch Office.

Provided further that, where a Broker wishes to acquire up to such number of additional rooms/offices in the same premises of the Exchange as may be specified by the Exchange where the Broker already has a registered Office/ Branch Office, such Broker shall only be exempted from the separate registration of such additional offices/ rooms subject to compliance with the procedures notified by the Exchange in this regard from time to time. Such additional rooms shall be considered as registered Office/Branch Office of such Broker and subject to all other requirements of this Chapter.

22.4. ELIGIBILITY FOR THE PERSON TO BE APPOINTED AS BRANCH HEAD OF THE SECURITIES BROKER'S OFFICE/BRANCH OFFICE:

The person to be appointed as Branch Head of the Office/Branch Office shall fulfill the following conditions:

(a) he is not less than 21 years of age.
(b) he has not been convicted of any offense, involving fraud or breach of trust.
(c) he has passed at least graduation examination and possesses at least three years' experience in the capital markets or one year's experience as trader with a Securities Broker.
(d) he has not been adjudicated as insolvent or has suspended payments or has compounded with his creditors.
(e) NOC from his previous employer.

Provided that the above conditions shall not be applicable on the Chief Executive Officer of the Broker supervising the Securities Broker's Main Office.

22.5. GRANT OF CERTIFICATE OF REGISTRATION:

On completion of all requirements, the Exchange shall visit the Office/Branch Office to confirm that the Office/Branch Office fulfils the regulatory requirements including sufficient infrastructure, appropriate number of qualified personal, sufficient systems for transmitting clients' records to Head Office and additional eligibility requirements being mentioned herein. Upon its satisfaction, the Exchange shall grant a Certificate of Registration of Office/Branch Office in the prescribed form annexed as Annexure-C.

22.6. OBLIGATIONS OF A SECURITIES BROKER WITH RESPECT TO OFFICE/BRANCH OFFICE:

22.6.1. *DISPLAY OF NAME OF SECURITIES BROKER*:

The Securities Broker desirous of opening office/branch within or outside Exchange must prominently display its name outside the Broker's Office/Branch Office.

22.6.2. *MAINTENANCE OF PROPER BOOKS OF ACCOUNTS, RECORDS ETC*.:

Depending upon the category, the concerned Securities Broker shall keep and maintain all the relevant client related record/information of the Office/Branch Office at the Head Office/ Registered Office and shall make necessary arrangements to provide at all reasonable times respective information/record to their clients dealing through such Office(s)/Branch.

22.6.3. *DISPLAY OF INFORMATION*:

The Securities Broker shall keep displaying at all the times at a visible location at the reception/front office of the Office(s)/Branch Office(s) the following information:
(a) Certificate of Registration of Office/Branch Office.
(b) Names of persons and their signatures authorized by the Broker to deal with the customers.
(c) The standard text provided by the Exchange after due approval of the Commission, disclosing the remedy and process how to approach the Exchange in case of non-resolution of complaints.
(d) Standees about the products, the Broker is selling and the procedures of how investments can be made therein as per the specimen attached as Annexure-D. Such information shall be displayed in Urdu language in a clear and concise manner with the logo of "Jama Punji" covering the following contents:
    (i) Who is Stock Broker;
    (ii) Procedure for investment in stock market;
    (iii) Procedure for opening an account with CDC.
(e) Investors Guide, issued by the Exchange.

(f) All payments from the clients to the Securities Broker or PCM, as the case may be, shall be made in the name of such Securities Broker or PCM, through "A/c Payee Only" crossed cheque, bank drafts, pay orders or other banking channels only.
(g) The Trading Only Securities Broker does not receive or make payment to its customers whose custody of securities is maintained with PCM or Trading and Clearing Securities Brokers and such customers shall receive and are required to make payment only from/to PCM or Trading and Clearing Securities Brokers.
(h) Any change in email address, mobile number, office phone number, mailing address, registered/ permanent addresses or other related information should be intimated immediately to the Broker.

Provided that the information mentioned in sub-clause (f), (g) and (h) of this clause shall also be prominently displayed at the official website and all social media platforms of the Broker.

Provided further that the display requirement prescribed in sub-clause (g) of this clause shall apply only in case of Trading Only Securities Broker, which shall also be required to display such information at its website, stationery and such other communications, platforms etc. as specified by the Exchange.

22.6.4. *A BOARD AT A CONSPICUOUS PLACE AT THE RECEPTION/FRONT OFFICE WHICH SHOULD CONTAIN*:

(a) Name of the person authorized to deal with the customers.
(b) A warning that the branch cannot deal in cash, except as provided in the CRF and Sahulat Form.
(c) That the customer must demand deliveries as per these Regulations.
(d) That nobody is authorized to take deposit money on fixed profits which is illegal.

22.6.5. *PUBLICATION*:

The Broker shall at the time of change of Branch Head of its Office/Branch Office, publish a public notice in two (English and Urdu) newspapers having wide circulation in the province(s) where registered office and Branch Office(s) is situated. The said notice should also be displayed at visible place in Office(s)/Branch Office(s).

The Securities Broker shall ensure the following with respect to their Office(s)/Branch Office(s):

22.6.6. *STATIONERY*:

The Securities Broker shall ensure that all stationery, i.e. confirmation, contract, cash memo and any other document will be issued by the Securities Broker only in its name and shall state such particulars and shall be in accordance with such form and manner as specified by the Exchange.

22.6.7. *STAFF, SECURITY ARRANGEMENTS AND CUSTOMER SUPPORT:*

The Securities Broker shall ensure the following with respect to their Office(s)/Branch Office(s):

(a) It shall employ any person who has not been convicted of any non-compliance and violation by the Exchanges, Commission and/or any other competent authority;
(b) Properly trained staff/human resources;
(c) Security arrangements including installation of CCTV cameras for the safety of staff and record;
(d) Proper arrangement for guidance and customer support for filling up of CRF and Sahulat Form and completion of documentation;
(e) Drop box facility for collection of complaints;
(f) Product information related to various products/services being offered by the Securities Broker at the Office/Branch Office through printed brochure for the information of potential/existing clients.

22.6.8. *OTHER OBLIGATIONS:*

The Securities Broker shall ensure the following:

(a) All the dealings at the Office(s)/Branch Office(s) shall be subject to these Regulations;
(b) The Securities Broker shall be fully responsible for all the dealings at the Office(s)/Branch Office(s), acts of Branch Heads /employees in accordance with these Regulations, Securities Act, Securities Brokers (Licensing and Operations Regulations), 2016 and shall be liable thereof;
(c) Status of Office(s)/Branch Office(s) including their closure or change of Branch Head shall be notified along with reasons of closure in writing to the Exchange within 24 hours for updating the status of Office(s)/Branch Office(s) on its website;
(d) The location where online Trading Terminals are provided to the individuals for trading on behalf of other individuals/clients shall be considered as Office(s) or Branch Office(s) of the Broker and subject to all requirements of this Chapter.
(e) In addition to regular monitoring, the Compliance Officer of the Securities Broker shall report to the Securities Broker, Exchange and Commission the following material violations:
    (i) Misuse, or unauthorized use of customers' assets or segregation of customers' funds or unauthorized trading;
    (ii) Any instance relating to collection of deposits/ funds from the customers or public for investing or trading in any market on a fixed/ guaranteed return or soliciting funds from them by offering return on unutilized balance;
    (iii) Where it has been found that an unauthorized person was involved in dealing with customers on commission basis for trading through the Broker;
    (iv) Failure to comply with any clause, except clause 1, of the undertaking furnished with the Exchange on the form attached as Annexure-B to this Chapter; and

(v) Any other violation/ non-compliance as may be deemed material by the Compliance Officer, particularly relating to misreporting, misstatement of information or pending claims/complaints, considering the nature, size, frequency and expected consequences of the violation/non-compliance; and
(vi) Any other recurring or repeated violation/ non-compliance.

(f) The premises for its Office(s) or Branch Office(s) may be used only to carry out business activities as securities broker and any other regulated securities activity for which the Broker is duly licensed under the Securities Act, 2015.

22.7. OFFICE(S)/BRANCH OFFICE(S) OF A SECURITIES BROKER:

A Securities Broker while opening Office(s)/Branch Office(s) shall also comply with all the above regulations and shall provide the necessary information to the Exchange duly supported by the Board Resolution.

22.8. SUSPENSION, CANCELLATION OF REGISTRATION ETC. BY THE EXCHANGE:

If the Securities Broker fails to comply with any of the provisions or requirement of these Regulations, the Exchange can take action against such Securities Broker(s) including suspension of registration of a particular Office/Branch and/or suspension of its TRE Certificate.

22.9. SUSPENSION OR SHIFTING/CLOSURE OF OFFICE(S)/BRANCH OFFICE(S) BY THE SECURITIES BROKERS:

The Securities Broker may temporarily suspend trading facility at the Office(s)/Branch Office(s) with a one month prior notice in writing to the Exchange and all its clients. However, the Securities Broker will ensure that the Office(s)/Branch Office(s) remain open for a period of at least one month thereafter for disposal of pending matters.

(a) In case of permanent closure of any Office/Branch Office, the Securities Broker shall:
(i) give 90 days prior notice to the Exchange and all its clients for closure of any of its Office/Branch Office along with the specific reason thereof.
Provided that if a Securities Broker intends to close the branch office operations earlier than the expiry of 90 days and handover that office to any other person during the notice period, the Securities Broker must formally intimate the same to the Exchange and comply with such terms and conditions as may be imposed by the Exchange.
(ii) visibly display notice for closure of its Office/Branch Office at the respective location at least 30 days prior to closure of such Office/Branch Office.
(iii) publish of closure at least 30 days prior to closure of Office/Branch Office in two (English and Urdu) newspapers having wide circulation in the province(s) where its Head Office, Main Office and branch Office(s) is situated.
(iv) submit copy of the published notices of closure to Exchange and the Commission within two days of their publication.
(v) inform its clients in writing about future correspondence address/mechanism, names and contact details of relevant contact person(s) and transfer of their relevant record to their Head Office or nearest Office/Branch Office as deemed appropriate.
(vi) submit a final statement at least 15 days prior to the closure of Office/Branch Office to the Exchange.

(b) The Securities Broker may relocate its existing Office/Branch Office within nearby vicinity of 15 KM provided the Broker shall:
(i) report the same to the Exchange 15 days prior to shifting.
(ii) inform its clients in writing about new address.
(iii) visibly display the information for shifting of Branch shall be at the respective Office/Branch Office at least15 days prior to its relocation.

22.10. INSPECTION OF RECORDS AT OFFICE(S)/BRANCH OFFICE(S) AND OFFSITE MONITORING:

(a) The Exchange:
(i) shall conduct periodic visit/inspection of the Office(s)/Branch Office(s) and submit a report to the Commission once in every two years as per Annexure-E;
Provided that the Exchange reserves the right to visit any Office(s)/ Branch Office(s) at any time where the circumstances warrants such extraordinary step.
(ii) shall conduct periodic offsite monitoring of the Office/Branch Offices and take further appropriate actions in case of any violation/non-compliance of the Regulations.

(b) The Exchange may ask for any information or documents and/or appoint one or more of its employees to undertake inspection of books of accounts, other accounts and documents of the Office(s)/Branch Office(s) maintained either at the Head Office or any other Office(s)/branch Office(s) and the broker shall ensure to provide such information/documents and assistance which may be required.

(c) The Exchange shall ensure that an appropriate investors' grievance redressal system /mechanism is in place at all Office(s)/Branch Office(s) for prompt and effective resolution of investors' complaints.

Annexure-A

ON THE LETTERHEAD OF THE SECURITIES BROKER

Dated: _____

The Managing Director

Pakistan Stock Exchange Limited

Karachi.

APPLICATION FOR CERTIFICATE OF REGISTRATION
OF OFFICE/BRANCH OFFICE WITHIN/OUTSIDE THE EXCHANGE

Dear Sir,

I am/we are enclosing herewith the documents for grant of registration for opening of Office/Branch Office at _____ and issuance of Certificate of Registration in this regard.

Thanking you.

PARTICULARS

1. Name of the Securities Broker with Code No. _____

2. Address of Office/Branch Office: _____

   Phone No. _____

   Fax No. _____

3. Form of Organization: ☐ Corporate Body other than SMC ☐ Financial Institution

4. Please give names of Directors: _____

   _____

5. Please give names of substantial shareholders and their respective holding: _____

   _____

   _____

6. Name of Branch Head along with CNIC and residential address. _____

   _____

(In case of Securities Broker's Main Office, details of Nominee Director be mentioned)

7. Whether the premises of Branch Office are on ownership basis or rented. In case of rented premises, state the name of landlord and provide a copy of Tenancy Agreement. _____

8. List of employees, along with their CNICs and residential address. _____

9. List of authorized persons who will operate bank accounts at the Office/Branch Office. _____

10. Details of Telephone Booth(s) _____

(In case of Broker' Main Office)

I/we declare that the information given in this form is true to the best of my/our knowledge and belief.

I/we further undertake to abide by all the applicable Rules and Regulations of the Exchange in the matter.

Yours faithfully,

(Rubber Stamp of Securities Broker) (Signature on behalf of Securities Broker)

Annexure-B

U N D E R T A K I N G

(On Non-Judicial Stamp Paper of Rs. 200/-)

We, _____ Securities Broker of the Pakistan Stock Exchange Limited, having office at _____ and an applicant for Certificate of Registration for opening Office/Branch Office within **/** outside the Exchange premises, hereby agree and undertake as under:

1. That we will abide by all these Regulations governing the trading and operations of Office/Branch Office, which are in force and/or are amended from time to time.

2. That we hereby undertake to stop trading facility at any our Office/Branch office with a notice in writing to the Exchange. We further undertake to ensure that the Office/Branch Office will remain open for disposal of pending matters for a period of at least one month after the suspension of trading at the Office/Branch Office.

3. That we undertake to settle all claims and transactions carried out by or through my/our Office/Branch with any outside person(s) as per these Regulations.

4. That we undertake that the stationery such as letterheads, receipts, various forms and stamps will bear the name of the head office and no fake and manipulated stationery will be used.

5. That we undertake that in case of removal of the Branch Head, we shall communicate such change to my/our respective clients dealing with my/our Branch Office.

6. That we undertake to provide any information/record asked by the Exchange from time to time and further undertake to allow inspection of all my/our records and books maintained in relation to our Office/Branch, to any representative of the Exchange at all times as and when desired.

7. That we hereby undertake to indemnify you and promise to keep you indemnified against all losses, charges, penalties, damages, expenses or other costs, which you may have to incur at any time, or in case of claims made by any authority or any other person as a result of you relying on the above information provided by me.

8. That whatever stated above is correct and true to the best of my/our knowledge and belief and nothing has been concealed hereof.

Signed this undertaking on _____ day of _____, _____ in presence of the following witnesses.

_____

Common Seal Signature on behalf of the Securities Broker

WITNESSES:

1. _____

   Name: _____

   CNIC No.: _____

   Address: _____

   _____

2. _____

   Name: _____

   CNIC No.: _____

   Address: _____

   _____

Annexure-C

(On the Exchange Letter Head)

OFFICE/BRANCH OPENING AUTHORIZATION

Certified that M/s. _____ holding TREC No. _____ having its office at _____, a Securities Broker of the Pakistan Stock Exchange Limited is hereby authorized to operate an Office / Branch Office at _____subject to these Regulations applicable in this regard.

The persons authorized to manage and supervise the Office/Branch Office are Mr. /Mrs. /Miss. _____s/o, w/o, d/o _____ holding CNIC No. _____whose photograph and specimen signature are affixed on this Certificate.

This Certificate is issued for the purpose of prominently displaying at the above Office/Branch Office.

Issued at Karachi on this _____ day of _____, _____.

PHOTOGRAPH

Specimen Signature

_____

Authorized Signatory of the Exchange

This Certificate has been issued in lieu of Certificate No. _____ dated _____.

Annexure-D

اسٹاک بروکر کون ہے؟

1. بازارِحصص (اسٹاک ایکسچینج) ایسی جگہ ہے جہاں سرمایہ کار، اسٹاک بروکر کے ذریعے، پبلک لسٹڈ کمپنیوں کے حصص کی خریدوفروخت کر سکتے ہیں۔
2. صرف اسٹاک بروکر ، اسٹاک ایکسچینج کے ذریعے ، حصص کی خریدوفروخت کے لئے، سرمایہ کاروں کی رہنمائی کرسکتا ہے جس کے عوض وہ فیس یا کمیشن وصول کرتا ہے۔
3. سرمایہ کاری صرف رجسٹرڈ اسٹاک بروکر کے ذریعےسے ہی کی جا سکتی ہے۔
4. اسٹاک بروکر پاکستان اسٹاک ایکسچینج کاٹریک (TREC)ہولڈر ہوتا ہے اور بطور اسٹاک بروکر کام کرنے کے لئے ایس ای سی پی کے پاس رجسٹرڈ اور اس سے لائسنس یافتہ ہوتا ہے۔
5. کسی بھی بروکر آفس یا اُس کی کسی بھی برانچ میں ، سرمایہ کاری کرنے سے قبل، اس بات کی تسلی کر لیں کہ اس کا SECPکا منظور شدہ رجسٹریشن سرٹیفیکیٹ نمایاں جگہ پر آویزاں ہے۔
6. بروکر کے بارے میں تصدیق کے لئے ، رجسٹریشن نمبر 8181پر میسج کریں۔ مزید تفصیلات کے لئے ایس ای سی پی کے جمع پونجی پورٹلjamapunji.pk اور ایس ای سی پی کی ویب سائٹ www.secp.gov.pkوزٹ کریں۔
7. رجسٹرڈ شدہ بروکر کی طرف سے مہیا کی جانے والی سہولتوں کے بارے میں جاننے کے لئے ، بروکر کی ویب سائٹ کا مطالعہ بھی کیا جاسکتاہے۔
8. قواعد و ضوابط کے بارے میں مزید جان کاری کے لئے پاکستان اسٹاک ایکسچینج کی ویب سائٹ www.psx.com.pk اور ایس ای سی پی کی ویب سائٹ وزٹ کریں۔

اسٹاک مارکیٹ میں سرمایہ کاری کا طریقہ کار

رجسٹرڈ اسٹاک بروکر کے پاس اکاؤنٹ کھلوانے کا طریقہ کار

اسٹاک مارکیٹ میں سرمایہ کاری کرتے وقت مندرجہ ذیل نکات کو مدِ نظر رکھیں۔

1. رجسٹرڈ اسٹاک بروکر سے، اکاؤنٹ کھلوانے کا فارم لیں، اسے پُر کر کے ضروری دستاویزات جیسا کہ قومی شناختی کارڈ کی کاپی، کے ساتھ بروکر کے پاس جمع کرائیں۔
2. اکاؤنٹ کھلوانے والے فارم میں وہ ساری تفصیلات ہونی چاہیے جو کہ ایکسچینج کے عمومی ضوابط میں دی گئی ہیں۔ یہ ضوابط پاکستان اسٹاک ایکسچینج کی ویب سائٹ www.psx.com.pkپر دستیاب ہیں۔
3. اکاؤنٹ کھلوانے کا فارم پُر کرتے وقت، سرمایہ کار، فارم پر دی گئی تمام ہدایات کابغورمطالعہ کرے، کسی بھی قسم کی غلط فہمی کی صورت میں اسٹاک بروکر سے رابطہ کرے۔ تسلی بخش جواب نہ ملنے کی صورت میں سرمایہ کار، اسٹاک ایکسچینج سے اس کے نمبر 021 111 00 11 22 یا ایس ای سی پی کے نمبر 051 111 327 117پر رابطہ کر سکتا ہے۔
4. اکاؤنٹ کھلوانے کا فارم پُر کرتے وقت، سرمایہ کار کو کسی بھی صورت میں ، بروکریج ہاؤس، بروکر یا ایجنٹ کو ،اپنا مختارکل نہیں بنانا چاہئے۔ سرمایہ کار ، صرف اپنا ای میل ایڈریس اور موبائل نمبر (جو اس کے نام پر رجسٹرڈ ہو) بروکر کو مہیا کرے تا کہ ضروری معلومات کی اطلاع اسے ملتی رہے۔
5. اکاؤنٹ کھلوانے کے فارم کی مصدقہ، باقاعدہ دستخط شدہ کاپی، اپنے ریکارڈ کے لئے ضرور حاصل کریں۔
6. بروکریج ہاؤس کے پاس اپنا آرڈر ، تحریری طور پر یا باقاعدہ رجسٹرڈ موبائل نمبر کے ذریعے لکھوائیں اور اس کی تصدیق حاصل کریں۔
7. سرمایہ کار کو اپنا اکاؤنٹ یا ذیلی اکاؤنٹ سینٹرل ڈیپازٹری کمپنی (CDC) کے پاس کھلوانا چاہیے۔ یاد رکھیں، ذیلی اکاؤنٹ کھلوانے کے فارم میں، کلائنٹ کی سیکیورٹیز کی دیکھ بھال کے لئے، بروکر کو عمومی مختار بنانے کے حوالے سے کوئی اجازت نامہ شامل نہیں ہوتا۔
8. بروکریج ہاؤس یا اس کا کوئی نمائندہ، گاہکوں سے نقد کیش وصول کرنے کا مجاز نہیں۔ ادائیگی ہمیشہ بروکریج ہاؤس کے نام کراس چیک کی صورت میں کی جائے اور اس کی رسید حاصل کی جائے۔

9. بروکریج ہاؤس کسی بھی صورت میں طے شدہ منافع کی گارنٹی نہیں دے سکتا ۔اگر بروکر کسی بھی قسم کے طے شدہ منافع کا وعدہ کے نام پر رقم وصول کرے تو فوری طور پر پاکستان اسٹاک ایکسچینج اور ایس ای سی پی کو اطلاع کریں۔
10. اپنے اکاؤنٹ کی تفصیل اور سٹیٹمنٹ، بروکریج ہاؤس سے باقاعدگی سے حاصل کریں۔ کسی بھی شکایت کی صورت میں فورًا ایکسچینج یا ایس ای سی پی کو اطلاع دیں۔

انتباہ: اسٹاک مارکیٹ میں سرمایہ کاری کو خطرات لاحق ہوتے ہیں، حصص کی قیمت میں اتار چڑھاؤ ہو سکتا ہے، حصص میں سرمایہ کاری سے پہلے یہ بات مدِنظر رکھنی چاہیے۔

سی ڈی سی کے پاس اکاؤنٹ کیسے کھولا جا سکتا ہے؟

1. سرمایہ کار براہِ راست سی ڈی سی کے پاس اپنا اکاؤنٹ کھول سکتاہے۔
2. سرمایہ کار کو اکاؤنٹ کھلوانے کا فارم پُر کرنا ہوتا ہے جو کہ سی ڈی سی کے دفاتر میں قائم کسٹمر سپورٹ کاؤنٹر یا سی ڈی سی کی ویب سائٹ (http://cdcpakistan.com/) سے حاصل کیا جا سکتا ہے۔ اکاؤنٹ کھلوانے کا فارم، درکار دستاویزات کے ساتھ، مناسب طریقے سے پُر کیا جائے۔
3. اکاؤنٹ کھلنے کے بعد، سرما یہ کار سیکیورٹیز اپنے اکاؤنٹ میں منتقل کر کے لین دین کر سکتا ہے۔
4. سرمایہ کار کو اپنے کوائف میں کسی بھی تبدیلی مثلاً موبائل نمبر یا رہائشی پتہ میں تبدیلی کے بارے میں فوراً سی ڈی سی کو آگاہ کرنا چاہئے۔
5. سرمایہ کار، سی ڈی سی کی طرف سے فراہم کردہ ویلیو ایڈڈ سروسز جیسا کہ موبائل یا ای میل پر ایس ایم ایس الرٹ حاصل کرسکتا ہے۔
6. سرمایہ کار https://www.cdcaccess.com.pkکے ذریعے اپنے اکاؤنٹ کے بارے میں معلومات حاصل کر سکتاہے۔
7. سی ڈی سی نے ایک کال سینٹر بھی قائم کیا ہے جس کا نمبر 0800 23275 ہے اس پر صبح 9بجے سے شام 6بجے تک، پیر تا جمعہ، مفت کال کی جا سکتی ہے۔

Annexure-E

I.

Detail of all Branches of TREC Holders as on _____						
Name of TREC Holder	Name and address of Branches at the start of year	Name and address of the Branches opened during the year	Name and address of the Branches Closed during the year	No. of branches at the end of year	Name of city where branches opened	Name of city where branches closed
-1-	-2-	-3-	-4-	-5-	-6-	-7-

II.

Detail of Branches opened by TREC holders During the year _____-						
Name of TREC Holder	Location of Branch(City)	Name of Branch Head appointed	No. of employees posted in the branch	No. of terminals at the branch	Detail of TREC holders having branch in same vicinity	
					Name of TREC holders	No. of branches
-1-	-2-	-3-	-4-	-5-	-6-	-7-

III.

Detail of Branches closed by TREC holders During the year _____					
Name of TREC Holder	Name and address of Branch	Date of notice given by TREC holder for closure of branch	Date of Closure of branch	Duration for which branch remain operative	Reason for closure
-1-	-2-	-3-	-4-	-5-	-6-

IV.

Detail of Branches shifted by the TREC holders during the year _____					
Name of TREC Holder	Name and address of Branch prior to shifting	New address of branch	Name of Branch Head prior to shifting	Name of Branch Head after shifting	Reason for shifting
-1-	-2-	-3-	-4-	-5-	-6-

Chapter 22A: REGULATIONS GOVERNING OPENING AND OPERATIONS OF ACCOUNT FACILITATION/ CUSTOMER HELP CENTERS BY SECURITIES BROKERS

22A.1. DEFINITIONS:

In this chapter, unless there is anything repugnant in the subject or context:

(a) "Account Facilitation/ Customer Help Centers ("Centers")" shall mean the Centers opened and maintained by a Securities Broker for performing such activities as specified in this Chapter, and include the sales office(s) of their "Designated Entity" which includes Commercial Bank, Asset Management Company, Insurance Company or any other entity as may be specified by the Exchange with prior approval of the Commission."

Provided that the Centers shall not fall within the following definitions provided under these Regulations:
(i) Broker's Main Office;
(ii) Head Office; and
(iii) Office(s) or Branch Office(s)

Provided further that sales staff of the Securities Broker and/or Designated Employees may carry out marketing activities at an appropriate public place without opening the Centers subject to proper training by the Securities Brokers and the condition that no sale/trade shall be allowed through such persons and only account may be opened subject to proper check and control and approval from the Securities Broker.

(b) "Designated Employee" shall mean the employees of Designated Entity engaged by the Securities Broker for performing the functions of Center as specified under this Chapter.

22A.2. PROCEDURE FOR OPENING OF CENTER:

A Securities Broker may open/ designate Center subject to prior intimation to the Exchange on letterhead of the Securities Broker, duly signed by the authorized signatories along with following information and receipt of confirmation from Exchange for submission of all required information:

(a) Address of the Center;
(b) A list of employees/ Designated Employees to be deployed at the Center including their CNIC numbers, official contact details, qualification and work experience;
(c) Copy of agreement with Designated Entity, clearly defining the roles and responsibilities of each party and clearly spelling out non-permissible activities;
(d) An undertaking on letterhead of the Securities Broker, as per the specimen attached as Annexure-A.

Provided that the Securities Broker shall include the following contents of the undertaking required under this sub-clause, in the undertaking provided at the time of renewal of its registration as Securities Broker with the Commission:
(i) The Center(s) was/were being used solely as an Account Facilitation/ Help Center;
(ii) No trading and investment recommendation/advisory activities were performed in the Center (s);
(iii) No Trading Terminal has been placed in the Center(s);
(iv) No cash dealing has been made with any existing or prospective customer in the Center;
(v) Securities Brokers at all times, remain compliant with all the requirements relating to opening and operations of Center as prescribed by the Exchange.

22A.3. ACTIVITIES PERMITTED:

A Securities Broker shall be allowed to perform following activities 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;
(d) Any other activity as may be permitted by the Exchange.

22A.4. ACTIVITIES PROHIBITED:

A Securities Broker shall not be allowed to perform following activities in 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 the Exchange 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 the Exchange.

22A.5. OBLIGATIONS OF A SECURITIES BROKER WITH RESPECT TO OPENING OF CENTER:

A Securities Broker must prominently display its name and the words "Account Facilitation/ Customer Help Center" in the Center and shall comply with the following obligations with respect to the Center:

(a) Display on its official website the list and addresses of all Centers, the names and contact details including official email address of employees and Designated Employees deputed at the Center. The Securities Broker shall update such information as and when any change occurs.
(b) Display a board/standee at a conspicuous place at the reception/front desk of the Center, clearly mentioning in English or Urdu and regional language, the following:
    (i) Trading and investment advisory activities shall not be performed at the Center.
    (ii) No cash dealing shall be allowed at the Center.
    (iii) CRF and Sahulat Forms along with Risk Disclosure Document, applicable Tariff Structure, Investor Awareness Guide can be obtained from the Center.
    (iv) While using sales office(s) of the Designated Entity, it shall be clearly displayed that, the products being marketed by the Securities Broker in the Center are separate and carry a different risk profile from that of the products and services of the [Name of the Designated Entity].
(c) Register every person deputed at the Center as 'employee' in NCCPL's UIN Database.
Provided that the 'Designated Employees' employed by the Securities Broker shall not be required to be registered as 'employee' in UIN Database of NCCPL. Instead, the Securities Broker shall display the list of Designated Employees on its official website as required under clause 22A.5.(a).
(d) Provide relevant trainings to the Designated Employees before engaging them for performing functions as specified in this Chapter.
(e) Provide visiting cards to its employees and Designated Employees; mentioning their name, designation, official contact details, name of Securities Broker and address of Center.
(f) All written communications made by the employees and Designated Employees shall be through official e-mail addresses/ letterheads of the Securities Broker.
(g) Notify to the Exchange 15 days in advance regarding the closure of a Center.
(h) The Compliance Officer of the Securities Broker shall confirm to the Exchange on a bi-annual basis that the Center(s) of the Securities Broker is/are in compliance with the requirements of this Chapter. In case of any non-compliance, the Compliance Officer shall report the same to the concerned Securities Broker and the Exchange.

22A.6. LIABILITY OF A SECURITIES BROKER FOR ACTS OF EMPLOYEES/ DESIGNATED EMPLOYEES:

The Securities Broker shall be responsible for any act, omission, or failure of employees or Designated Employees in performing their duties within the scope of their office or employment.

22A.7. POWERS OF THE EXCHANGE:

22A.7.1. The Exchange shall have the power to:

(a) visit the Center to check the activities performed at such Center;
(b) Require from the Securities Broker and/or Center any information or document as it may deem appropriate;
(c) conduct inspection or investigation at any time on any matter in relation to requirements prescribed under this Chapter. The Exchange may appoint an audit firm for this purpose at the cost to be borne by the relevant Securities Broker.

22A.7.2. If the Securities Broker fails to comply with any of the provisions or requirements prescribed in this Chapter, the Exchange shall have power to initiate disciplinary action(s) against such Securities Broker including imposition of conditions or issuance of direction to close such Center permanently.

22A.7.3. Exchange may relax any requirement of this Chapter to address any genuine concern or practical difficulty and for reasons to be recorded.

Annexure-A

UNDERTAKING

(On Letterhead of the Securities Broker)

We, _____ TREC Holder of Pakistan Stock Exchange Limited, having Head office at _____, intend to open an Account Facilitation/ Customer Help Center at _____, an d hereby agree and undertake as under:

1. That we will abide by Chapter 22A of these Regulations governing the opening and operations of Account Facilitation/ Customer Help Center, which is presently in force or as amended from time to time.

2. That the Account Facilitation/ Customer Help Center will be used solely as a facilitation/help center and no trading activity and securities/futures advisory shall be given at this place, and further that no Trading Terminal will be installed or connected with Trading System of Exchange.

3. That we undertake to provide any information/record required by the Exchange from time to time and further undertake to allow inspection of this Account Facilitation/ Customer Help Center, to any Designated Employee of the Exchange or the audit firm appointed by the Exchange.

4. That we hereby undertake to keep the Exchange indemnified against all losses, charges, penalties, damages, expenses or other costs, which the Exchange may incur at any time, or in case of claims made by any authority or any other person as a result of the above information provided by us.

5. That whatever stated above is correct and true to the best of our knowledge and belief and nothing has been concealed hereof.

Signed this undertaking on _____ day of _____, _____ in presence of the following witnesses.

_____
Common Seal

_____
Signature on behalf of the Securities Broker

WITNESSES:

1. _____
Name: _____
CNIC No.: _____
Address: _____

2. _____
Name: _____
CNIC No.: _____
Address: _____

Chapter 23: SYSTEM AUDIT [REGULATORY COMPLIANCE] REGULATIONS

23.1. DEFINITIONS:

The terms used in this chapter shall have the following meanings:

(a) “Audit" shall mean the System Audit of Securities Brokers conducted in accordance with these Regulations;
(b) "Auditor(s)" shall mean the Auditor(s) selected, in accordance with the criteria approved by the Board on the recommendation of RAC with the prior approval of the Commission;
(c) “Report” shall mean the compliance report submitted by the Auditor under this chapter.

23.2. PANEL OF AUDITORS:

23.2.1. The RAD shall declare from time to time, the Panel of Auditors who shall be eligible to conduct Audit of the Securities Brokers. The panel would consist of at least 10 Auditors and would fulfill the following prerequisites:

(a) The Auditors shall be a Chartered Accountants firm within the meaning of the Chartered Accountants Ordinance, 1961;
(b) The Auditors must have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan;
(c) The Auditors shall satisfy the criteria devised by the RAC from time to time; and
(d) The Audit firm shall be listed under clause (i) and (ii) of the list of approved auditors as notified by the Commission.

23.2.2. Further, the RAD shall annually review the Panel of Auditors to ensure ongoing eligibility of auditors on the Panel in line with the criteria.

23.2.3. No Auditor shall be appointed to conduct the Audit of a Securities Broker, if that Auditor has conducted the audit or other assignment of such Securities Broker, at any time during the past two years immediately preceding from the date of balloting in which such Securities Broker is selected for the Audit.

23.2.4. An officer of RAD designated by the RAC shall liaise with the Securities Broker(s) and the Auditor(s) conducting the Audit of the Securities Brokers.

23.2.5. The list of Auditors eligible to conduct the Audit shall be placed on the website of the Exchange and the same shall be updated as and when required.

23.3. ELIGIBILITY FOR AUDIT:

A Securities Broker who has operational track record of at least one year preceding the ballot may be selected for Audit under these Regulations. The decision of the RAD through the ballot shall be binding on all the Brokers.

23.4. SELECTION OF SECURITIES BROKERS:

23.4.1. All eligible Securities Brokers, as explained in Regulation 23.3 above, shall be audited once in each ‘cycle’ of two-year period. The selection of Securities Brokers for the Audit shall be through random semi-annual balloting conducted by RAD. The balloting shall be held in every calendar year latest by 31st January and 31st July.

The RAD shall determine the total number of Securities Brokers eligible for Audit at the ballot date in the remaining ballots of a cycle by dividing the number of Securities Brokers still to be audited in the cycle with the remaining ballots of the cycle to arrive at the optimum number of Securities Brokers to be audited in a ballot. Provided the Securities Brokers audited in the last two ballots of a cycle shall not be included in initial two ballots of the next cycle.

Explanation: If the total number of eligible Securities Brokers at the first ballot of the cycle is 140. These shall be divided by 4 [number of ballots in 2 years]. Hence, 35 Securities Brokers will be selected in the first ballot. At the next ballot date, assume that total eligible Securities Brokers have been reduced to 130, then the number of Securities Brokers selected shall be 32 [130 less 35 audited in previous ballot of a cycle divided by the 3 remaining ballots of a cycle].

23.5. SCOPE OF AUDIT:

The Auditor shall carry out the Audit to ensure compliance with the requirements of the Securities Act, Securities Brokers (Licensing and Operations) Regulations, 2016, any other relevant rules/regulations of the Commission, directives, circulars, guidelines issued by the Commission or the Exchange, the Articles, and these Regulations. However, the scope of Audit shall at least include the minimum areas as specified in Schedule-A hereof as may be applicable depending upon the category of Securities Brokers.

23.6. AUDIT PERIOD:

The Audit period shall be preceding twelve months as specified by the Exchange.

23.7. AUDIT PROCESS AND STATUS OF COMPLIANCES:

23.7.1. The RAD shall intimate the selected eligible Securities Brokers whose Audit is to be conducted in accordance with these Regulations by 31st January and 31st July of each year of their selection for Audit.

Within 30 days of intimation thereof, such Securities Broker shall appoint an Auditor from the approved panel, constituted in such manner as prescribed under clause 23.2.1, and submit the Auditor's declaration to the Exchange on the format prescribed by the Exchange from time to time.

23.7.2. If the Securities Broker fails to appoint an Auditor within the time specified in these Regulations, the CRO shall appoint the Auditor for such Securities Broker within 14 days after expiry of the requisite time period and may impose a fine not exceeding Rs. 50,000/-.

23.7.3. The Securities Broker selected for audit shall provide complete access to the information and documents as required by the Auditor for the Audit and co-operate with the Auditor for timely and smooth completion of the Audit.

23.7.4. Such Securities Broker shall direct the Auditor to submit its Report directly to the CRO of the Exchange on the format prescribed by the Exchange, within two months from the date of appointment of the Auditor.

23.7.5. The CRO shall forward to the Commission copies of the Reports of the Securities Brokers audited, along with the views, counter views and comments of the Securities Brokers and the CRO on the discrepancies or other observations of the Auditors, within 45 days of submission of the Reports by the Auditor.

Provided that, if the Report highlights any material non-compliance by the Securities Broker, such Report shall be immediately forwarded to the Commission.

23.7.6. If the Report contains any non-compliance(s), the Securities Broker shall rectify the same immediately and such Securities Broker shall be subject to limited scope audit in the following year to confirm that such Securities Broker has now rectified the non-compliances reported by the Auditor. The period for limited scope audit shall not be less than 3 months ensuring the discrepancies identified in the Report are rectified and the Securities Broker has remained compliant during the said period. The limited scope audit may be conducted by the RAD itself, which shall not alter or affect the Securities Broker's normal selection process or timing through random balloting. The CRO shall also provide a copy of such report of limited scope audit to the Commission within 15 days of conclusion of the same.

For avoidance of doubt, the Securities Broker's obligation to rectify does not in any way affect the Exchange's power to initiate disciplinary action under Chapter 20 (Disciplinary action in respect of TRE Certificate Holders Regulations) on the basis of the Report and the Securities Broker be obliged to rectify such non-compliance whether or not any action is initiated by the Exchange as aforesaid.

23.8. COSTS:

The Securities Broker who is being audited shall pay all the fees, charges and costs of the Auditors. The said fees, charges and costs shall be deposited with the Exchange, by the said Securities Broker, for onward payment to the Auditor.

23.9. SPECIAL AUDITS/INVESTIGATIONS:

The RAC and/or RAD in addition to the Audits conducted under these Regulations, may at any time, order an audit, inspection or /investigation in respect of the affairs of a Securities Broker. Such audit, inspection or investigation may be conducted by RAC, RAD or an auditor appointed by the RAC or RAD. The scope and period of any such audit, inspection or investigation shall be determined by RAC or RAD as the case may be and such scope may be expanded, restricted or varied from scope and period of the audit described in the Regulation 23.5 and 23.6 respectively and may include a financial audit and a regulatory compliance audit. The cost of such audit, inspection or investigation shall be borne and paid by the Securities Broker.

Schedule-A

SCOPE OF AUDIT

1. Client level compliance

Check the complete trail of following for selected clients.

1.1 The CRF and Sahulat Form of the selected clients are in compliance with the requirements of these Regulations and any provision of such CRF and Sahulat Form is not in contravention of the terms and conditions as laid down in the Annexure-I to the Chapter 4 "(Trading Rights Entitlement (TRE) Certificate") of these Regulations.

1.2 Obtain the understanding of Securities Broker's Client Order mechanism.
If the orders for sale or purchase of securities are taken verbally by the Securities Broker, check that Securities Broker is authorized to take verbal orders as per the CRF and Sahulat Form or otherwise written instructions for orders for sale or purchase of securities to the Securities Broker are available.
For telephonic orders, also match the telephonic recording with orders placed.

1.3 Check that Securities Broker has mandatorily collected margins from his clients in accordance with the Chapter 19"(Risk Management") of these Regulations.
Further, applicable margins were available in the clients account and reflected in books of accounts in identifiable and verifiable manner at the relevant times.

1.4 Check that confirmations are transmitted within twenty-four hours of execution of client order and such confirmations complied with the requirements mentioned in Chapter 4 "(Trading Rights Entitlement (TRE) Certificate")of these Regulations.
Further, duplicates or counterfoils of memos/confirmation issued to clients are preserved for a period of not less than five years.

1.5 Check that movements from clients' Sub-Accounts through free-delivery facility are made in accordance with the CDC Regulations and/or after obtaining due authorization from clients.

1.6 Check that Securities Broker has not pledged or deposited any security on account of a client as collateral in contravention of the PSX Regulations and the CDC Regulations. Further, check that:- a) the details of ownership of Securities lying in the house account of the Securities Broker; b) bank-wise detail of Securities pledged with different financial institutions/banks and stock exchanges.

1.7 Check in respect of selected clients that all transactions for buying, selling in all markets, margins, payments, receipts, brokerage commissions charged, payable and receivable are recorded in records and books of accounts manually or electronically in timely, adequate, proper, identifiable and in a manner verifiable on UIN / Client Code basis. Further, check that:- a) Securities Broker has disclosed the names of clients with provision of ageing of receivables and payables; b) details of collaterals for all credit limits obtained by the Securities Broker on behalf of clients and/or for the proprietary account and the credit line sanctioned by any Financial Institution and the limits utilized by the Securities Broker.

1.8 Check that the Securities Broker has maintained record of extension or maintenance of credit or arranging for the extension or maintenance of credit to the clients for the purpose of purchasing or carrying any security in compliance with the relevant rules and regulations.

1.9 Check that the Securities Broker has maintained record of borrowing on any security or lending or arranging for the lending of any security carried for the account of the clients in compliance with the relevant rules and regulations.

1.10 Check that the Securities Broker has maintained order register/ Trading System generated daily activity log and order log maintained by telephone recording, in compliance with the relevant rules and regulations.

1.11 Check that the Securities Broker has provided quarterly account statement to each of its clients in a manner and with at-least such information as prescribed under Chapter 4 of ("Trading Rights Entitlement (TRE) Certificate") PSX Regulations.

1.12 The minimum suggested sample size for client level compliance is:

- 50% or 100 clients whichever is less, out of which there must be 50% new clients' (client registered in last 12 months); and
- minimum 5 random orders at 5 different dates of each selected client are checked/confirmed with complete trail of steps from placement of order till settlement of securities in their respective accounts.

2. Recording of Orders Placed through Telephone

2.1 Clients' orders received and/or confirmed via telephonic [landline] communications must be recorded in the manner specified by the Exchange.

2.2 Where orders are received by mobile phones, an appropriate and reliable recording of the time of receipt and order details are being maintained.

2.3 Effective procedures are in place to ensure the integrity, reliability and security of the telephone recording system and timely detection of any malfunctioning therein.

2.4 Adequate compliance monitoring is exercised over the office staff that is responsible for recording the telephone order instructions.

2.5 Telephone recordings are being retained for a minimum period of six months or any other period specified by the Exchange and/or Commission. Further, in case of any complaint lodged by an Investor, the Securities Broker has retained the record of such Investor till the resolution of the complaint.

2.6 All telephone lines under use of the traders, dealers and authorized persons who are involved in trading, are connected to the telephone recording system of the Securities Broker.

3. Details to be printed on Securities Broker's Correspondence and Contract Notes

Review that the Securities Broker's correspondence/contract notes relating to the transactions of business contain the information as specified by the Exchange from time to time and bear the name of the Securities Broker along with address of principal place of business as per the PSX Regulations.

4. Branch Offices

In case the Securities Broker has any branch office for conducting the business and trading of securities within and outside premises of the Exchange:

4.1 Check that the Securities Broker has obtained certificate of registration for all of its branch offices from the Exchange.
4.2 Check that the Securities Broker has kept and maintained all the clients' related records/information of the Office/Branch Office at its head office.
4.3 Check that printed stationery of the Securities Broker including confirmation/contract notes/cash memo/any other document is issued only in the Securities Broker's name along with address of principal place of business. Check that addresses of all offices/branches are clearly stated on such printed stationery.
4.4 Check that name of the Securities Broker is prominently displayed outside the branch.
4.5 Check that Registration Certificate of Office/Branch Office is prominently displayed at the Office(s)/Branch Office(s).
4.6 Check that information mentioned under clause 22.6.3 in Chapter 22 of these Regulations is displayed at Office/Branch Office and website where required and a board at a conspicuous place at the reception/front office is displayed which contains the requirements as mentioned in Chapter 22 "(Brokers' Office/ Branch Office") of these Regulations for conducting the business and trading of securities within and outside the Exchange.
4.7 Check that the business being done at the branch office is in the name of the Securities Broker.
4.8 Check that the remedies available to investors and procedures for dispute resolution and arbitration in case of non-resolution of complaints are displayed at all times at a conspicuous location at the reception/front office of the Office(s)/Branch Office(s).
4.9 Check that branch offices' bank accounts are maintained in the name of the Securities Broker.
4.10 Check that customer accounts are properly maintained or electronically accessible at the branch offices.

5. Segregation of Clients' Assets

Review compliance with the following as required in Chapter 4 "(Trading Rights Entitlement (TRE) Certificate") of these Regulations:

5.1 The Securities Brokers shall ensure that the assets belonging to their clients are kept separated from the assets of the Securities Brokers. For this purpose, the Securities Brokers:

(a) shall maintain necessary records and books of accounts to distinguish clients' funds and securities from Securities Broker's funds and securities including maintenance of a separate bank account(s), with word "clients" in the title, which will include all the funds of their clients deposited with the Securities Brokers for purposes of trading along with record/breakdown for each of the clients' balances in its back office and payment of profits accrued on unutilized funds of clients made to the clients in case such funds are deposited in a profit-bearing bank account by the Securities Broker or written record where the client(s) have specified otherwise.
(b) shall maintain separate Sub-Accounts under his Participant Account in CDS for each of his clients to maintain the custody of margins deposited by the clients in the form of securities and securities bought for clients.
(c) may maintain a Collateral Account under his Participant Account in CDS for all clients. This account shall be used exclusively for instances where outstanding payment has not been received from clients in respect of securities purchased on their behalf and relevant purchase obligation is to be settled. In such cases, the Securities Broker will be allowed to transfer the securities on the respective settlement date from the respective Sub-Account to the Collateral Account for a maximum period of three (3) settlement days only to the extent of the transaction volume for which the client's payment is outstanding for whatsoever reason and comply with relevant requirements contained in the CDC Regulations. The Securities Broker shall, in addition to the electronic reporting of such transfers through ways and means as specified by the Exchange report the Exchange in writing explaining the reason for utilizing the Collateral Account and / or for holding client's securities immediately after such transfer. The notice from the Securities Broker will be accompanied with following documents:
    (i) Non-payment notice served on the client through courier, personal delivery method with acknowledgement due, facsimile, email or properly recorded telephone line, advising him to make payment by the close of banking hours on the next Trading Day after the settlement day and notifying that otherwise the Securities Broker shall have a right to dispose-off the required securities to cover the shortfall in the client's account at client's risk and cost**;**
    (ii) Client's Sub-Account and Collateral Account Activity Report of movement date and;

(iii) Documentary evidence substantiating the genuineness and circumstances of the reason for non-payment by the client which may include failure of client to pay in time due to non-clearance of client's cheque, any natural calamity, law and order situation, non or delayed functioning of an automated procedure, e.g., NIFT. Provided that for a particular client, the Securities Broker is allowed to transfer securities from the Sub-Account of client to the Collateral Account only once in a calendar month.

5.2 Except as permitted above, the clients' funds and securities shall not be used by the Securities Broker for any purpose other than as authorized by the client in writing in the manner and procedure prescribed by the Exchange and/or CDC. The Securities Broker shall be obliged to maintain and furnish documentary evidence to substantiate the compliance with the above regulations as and when required by the Exchange.

5.3 On the basis of documents mentioned under clause 5.1.(c) above, the Exchange shall determine if the requisite documents substantiate the transfer of client's securities by the Securities Broker and shall maintain a database of such transfers. Exchange may also carryout enquiry and/or special audit in relation to non-compliance with this regulation.

6. Trading by employees of the Securities Broker

6.1 Check that employees of the Securities Broker who wish to trade have obtained prior written authorization from the Securities Broker.

6.2 Check that the Securities Broker has registered all its employees into the UIN database with all registration details including their respective designations and updates/modifies the registration details whenever any change occurs.

6.3 Check that employees (who are trading) have submitted to the Securities Broker a written undertaking of their understanding and willingness to strictly abide by all the relevant rules, regulations, codes and procedures as prescribed by the Commission, the Exchange, CDC and NCCPL.

6.4 Check that a mechanism is in place by the Securities Broker to monitor their employees' trades regularly.

6.5 Check that the Compliance Officer/Internal Audit Department of the Securities Broker ensures compliance of relevant rules & regulations and any violation is communicated to Audit Committee/Chief Executive Officer of the Securities Broker.

7. Illegal Financing

Check that Securities Broker has not carried on any financing, borrowing, lending and pledging activity which is in contravention of applicable rules and/or regulations.

8. Internet Trading

If the Securities Broker is providing Internet Trading services, check that the Securities Broker has fully complied with the following in accordance with Chapter 9 of these Regulations:

8.1 The Securities Broker has minimum net worth as prescribed in the Chapter 9 ("Internet Trading").

8.2 The Securities Broker has well-defined procedures for allowing clients' access to its Internet Based Trading System (IBTS) including agreement with the Securities Broker, assigning of trading limits, placement and execution of clients' orders, mode and timing of reporting of trade confirmation to the clients and margin requirements and margin calls. Further, the above procedures are available in writing and on the Securities Broker's website for easy access by the clients.

8.3 The Securities Broker has maintained monthly reports on the reliability and compliance status of the IBTS.

8.4 The Securities Broker has not continued to provide IBTS without a valid internet trading certificate which has not been suspended or cancelled during such period.

8.5 The Securities Broker's service requirements are as per the requirements given in the applicable Regulations.

8.6 The Securities Broker has sufficient infrastructure, internal control procedures and technological and security measures and its encryption technology complies with the minimum requirements as prescribed by the Exchange from time to time.

8.7 The Securities Broker's website meets all requirements as stipulated under the Chapter 9 ("Internet Trading") of these Regulations.

9. Leveraged Trading

9.1 Check that no transaction is executed by the Securities Broker on behalf of a client in the Leveraged Market unless an appropriate agreement has been executed between the Securities Broker and such client.

9.2 Check the Securities Broker has fully disclosed all risks involved in the relevant transactions and has obtained a written confirmation from the client that they have understood and have the ability to bear the risks in such transactions.

9.3 Check that the Securities Broker has fully disclosed and explained the options available to a client in respect of various financing facilities in the securities markets.

9.4 Check the Securities Broker has evaluated the credit worthiness of the clients through a proper credit risk assessment methodology. Also check that credit limits are assigned to each client beyond which the client shall not be allowed to take a position in the Leveraged Market.

9.5 Check that adequate records are maintained by the Securities broker, evidencing compliance with the clauses 9.1 to 9.4 above.
9.6 Minimum suggested sample size is 50 leveraged clients or 10% of leveraged clients whichever is lower.

10. Contingency plan for continuity of operations

The Auditor shall check that the Securities Broker has established and implemented a contingency plan as required under Clause 4.27 of these Regulations to ensure continuity of its operations in the event of a disaster or crisis.

11. General Obligations of the Securities Broker

The Auditor shall also check the compliance in respect of the following:

11.1 The Securities Broker has not advertised his business publicly unless permitted by the Exchange, as required by under the Securities Brokers (Licensing and Operations) Regulations, 2016;
11.2 The Securities Broker has not, without the special permission of the Board, taken into or continued in his employment in any capacity in any business carried on by him, a former TRE Certificate Holder who has been suspended or expelled, as required by these Regulations;
11.3 The Securities Broker has taken prior permission of the Board, to carry on business for or with a person who has been declared a Defaulter by the Exchange and notice regarding such prohibition has been issued by the Exchange;
11.4 All provisions of the Anti-Money Laundering Act, 2010 (Act VII of 2010), any rules and regulations made thereunder and the Securities and Exchange Commission of Pakistan (Anti-Money Laundering and Countering Financing of Terrorism) Regulations, 2020 and Guidelines on Anti-Money Laundering, Countering Financing of Terrorism, and Proliferation Financing are complied with at all times;
11.5 All provisions of the Anti-Money Laundering Act, 2010 (Act VII of 2010) and any rules and regulations made there-under are complied with at all times;
11.6 The Securities Broker has activated SMS and/or e-alerts services provided by the CDC to its clients;
11.7 The Securities Broker has charged and collected the brokerage commission from their customers as per the range/ scale of brokerage commission prescribed by the Exchange in Annexure-III to Chapter 4 of these Regulations.

12. Sampling Technique

While selecting a sample for the verification, the Auditor shall use random sampling technique to ensure that the selected sample is true representative of the population and its result can reasonably be used to draw conclusion for the whole population.

Chapter 24: CENTRALIZED CUSTOMERS PROTECTION COMPENSATION FUND (CCPF) REGULATIONS

24.1. DEFINITIONS:

In this chapter, unless the subject or context otherwise requires:

(a) "Compensation Fund Regulations' means the Centralized Customer Protection Compensation Fund Regulations, 2017 framed by the Commission;
(b) "Rules" means the Customers Compensation Fund (Establishment and Operation) Rules, 2017.

24.2. ESTABLISHMENT OF CCPF:

24.2.1. The Exchange has provided the CCPF under Regulation (3) of the Compensation Fund Regulations which is established and operated in the manner specified in the Rules.

24.2.2. The CCPF shall comprise the contributions stipulated in Regulation (5) of the Compensation Fund Regulations and any contribution made pursuant to Regulation 4(3) of the Compensation Fund Regulations.

24.2.3. The contribution stipulated in Regulation 5(iii)(a) of the Compensation Fund Regulations shall be paid by the securities broker in accordance with Schedule I of this Chapter.

24.2.4. The CCPF shall be utilized to compensate, either fully or partially, customer of a defaulter in the manner provided in the Rules, Compensation Fund Regulations and these Regulations.

24.3. ELIGIBILITY OF CLAIMS:

All claims of customers arising out of subscription of shares offered through IPO or transactions entered into as per these Regulations and/or the NCCPL regulations and approved by the Board/Committee constituted by the Board shall be eligible for consideration under these regulations.

24.4. PROCEDURE FOR SETTLEMENT OF CLAIMS:

24.4.1. In the event of default of a TRE Certificate Holder, if the customers' claims admitted by the Exchange against such a TRE Certificate Holder are more than the amount available out of sale proceeds of assets of such TRE Certificate Holder for satisfying such claims, in accordance with the relevant provisions of these Regulations for the time being in force, all the claims will be paid on prorate basis.

24.4.2. The claims remaining unsatisfied after pro-rata sharing under sub-clause 24.4.1 shall be paid from the CCPF up to a maximum limit of PKR 1,000,000 per claimant whose claim has been admitted by the Exchange or actual amount of verified claim, whichever is lower.

Provided where the aggregate amount to be disbursed from CCPF based on aforementioned per-claimant limit is lower than PKR 35 million, the differential amount shall be disbursed to the partially settled claimants on pro-rata basis.

24.4.3. Notwithstanding anything contained hereinabove, the Board may, with prior approval of the Commission, in the event of default of a TRE Certificate Holder where proceeds of assets of such TRE Certificate Holder as prescribed in the relevant regulations of PSX, are not immediately available, for any reason whatsoever, in the interest of the customers, allow settlement of customers' admitted claims first from the CCPF to the extent of the maximum permitted amount under sub-clause 24.4.2. above. However, where the proceeds of such assets become available subsequently, then after satisfaction in full of all customer claims and subject to Clause 21.7.3 above, any amount remaining unutilized out of the sale proceeds of such assets, shall be deposited in the CCPF in accordance with these Regulations.

Provided that in case of default of a TRE Certificate Holder, any amount remaining unutilized out of the sale proceeds of the defaulter's assets sold subsequently shall after settlement of claims and disbursement as stated in Regulation 21.7., be deposited in the CCPF.

Schedule-I

LEVY COLLECTED FROM SECURITIES BROKERS AS CONTRIBUTION TO THE CCPF

Market Name	Rate in Rupee	Basis	Mode	Collection Date
Ready Market Trade	0.05	Per Rs100,000/- value	Through Payment Order	On Every Settlement Day
Deliverable Futures Contract Market- contract	0.05			
Single Stock Cash-Settled Futures Contract Market-contract	0.05			
Stock Index Futures Contract Market-contract	0.05			
Squaring-Up Market-trade	0.05			
Negotiated Deals Market- transaction	Nil			
Debt Market – Trades	Nil			

Provided that with effect from August 29, 2025 or such date as specified by SECP, or in the case of balance of Customer Compensation Fund falling below the amount specified by the SECP, whichever comes first, the following shall be applicable:

Market Name	Rate in Rupee	Basis	Mode	Collection Date
Ready Market Trade	0.67084	Per Rs100,000/- value	Through Payment Order	On Every Settlement Day
Deliverable Futures Contract Market- contract	0.93809			
Single Stock Cash-Settled Futures Contract Market-contract	0.93809			
Stock Index Futures Contract Market-contract	0.93809			
Squaring-Up Market-trade	0.93809			
Negotiated Deals Market- transaction	Nil			
Debt Market – Trades	Nil			