



PAKISTAN STOCK EXCHANGE LIMITED
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PSX/N-289

NOTICE

February 26, 2021

INVITATION OF PUBLIC COMMENTS

**PROPOSED AMENDMENTS TO PAKISTAN STOCK EXCHANGE LIMITED (PSX)
REGULATIONS IN RELATION TO DEPLOYMENT OF NEW TRADING SYSTEM
AT PSX**

This is to inform the public that the PSX, in exercise of power conferred upon it under section 7 of the Securities Act, 2015, is proposing to carry out amendments to PSX Regulations in relation to deployment of new Trading System at PSX.

The amendments are being made to ensure that the regulations are aligned with the new Trading System being deployed at PSX. It is important to highlight that PSX has merged existing Chapter 8A relating to 'Karachi Automated Trading System Regulations' and Chapter 8B relating to 'Bonds Automated Trading System Regulations' to form a unified Chapter 8 titled 'Trading System Regulations' in line with practices of other jurisdictions where only one set of regulations exists for their Trading Systems. Additionally, existing terms 'KATS' and 'BATS' will be replaced with a standard term 'Trading System' in the entire PSX Regulations.

In terms of Section 7(3) of the Securities Act, 2015, all interested parties are invited to provide written comments on the proposed amendments to PSX Regulations, which are attached herewith as **Annexure A**.

The comments can be submitted through any of the following modes latest by **March 05, 2021** in the manner as suggested in the 'Guidelines for Submission of Comments' attached herewith as **Exhibit A**:

Email	comments.rad@psx.com.pk
Mail	The Chief Regulatory Officer, Regulatory Affairs Division, 2 nd Floor, Administration Building, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi – 74000

AJEET KUMAR
Deputy General Manager (RAD)

Cc:

1. The Director/HOD (PRDD), SMD, SECP
2. The Chief Executive Officer, PSX
3. The Chief Executive Officer, CDC
4. The Chief Executive Officer, NCCPL
5. The Chief Executive Officer, PMEX
6. The Acting Chief Regulatory Officer, PSX
7. PSX Website

“ANNEXURE A”

PROPOSED AMENDMENTS TO PSX RULEBOOK RELATED TO DEPLOYMENT OF NEW TRADING SYSTEM BY PSX

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
CHAPTER 2: INTERPRETATION AND DEFINITIONS		
<p>2.4. GENERAL DEFINITIONS:</p> <p>In these Regulations, unless there is anything repugnant in the subject or context:</p> <p>vi. Automated Trading Systems means the Karachi Automated Trading System (KATS), Bonds Automated Trading System (BATS) and any other electronic trading system established from time to time which also include its allied computer applications and software established by the Exchange from time to time;</p>	<p>2.4. GENERAL DEFINITIONS:</p> <p>In these Regulations, unless there is anything repugnant in the subject or context:</p> <p>xciv.A. vi. Automated Trading Systems means the Karachi Automated Trading System (KATS), Bonds Automated Trading System (BATS) and any other electronic trading system <u>of the Exchange established from time to time</u> which also include its allied computer applications and software established by the Exchange from time to time;</p>	<p>As there will be no distinction for KATS and BATS in new Trading System, the references of KATS and BATS, wherever appearing in PSX Regulations, are proposed to be replaced with a generic term “Trading System”.</p>
<p>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 Exchange Trading Systems to be calculated/prescribed as per Schedule-I annexed to chapter 19 of PSX Regulations;</p>	<p>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 Exchange Trading Systems to be calculated/prescribed as per Schedule-I annexed to chapter 19 of PSX Regulations;</p>	<p>The term ‘Automated/ Exchange Trading System’ has been replaced with ‘Trading System’ throughout the Rulebook.</p>
<p>ix. BATS means Bonds Automated Trading System established and maintained by the Exchange;</p>	<p>ix. BATS means Bonds Automated Trading System established and maintained by the Exchange;</p>	<p>As there is no distinction for KATS and BATS for new Trading System and all BATS trades shall also be executed on same terminal STSV5 as for Equity market trades execution. Therefore, the references of KATS & BATS, wherever appearing in PSX Regulations, are proposed to be replaced with a</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
		generic term "Trading System".
xxiv. Closing Price means the price determined as per methodology prescribed under Chapter 19 of PSX Regulations;	xxiv. Closing Price means the price determined as per methodology prescribed <u>for different markets</u> under Chapter 19 of PSX <u>these</u> Regulations;	All calculation formula for determining closing price for different markets is specified in Chapter 19, hence, this clause is appropriately reworded.
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 Automated Trading Systems;	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 Automated Trading Systems;	The term 'Automated/Exchange Trading System' has been replaced with 'Trading System' throughout the Rulebook.
xl. Downtick means the price of a security below the last executed price of that security transacted through the Automated Trading System;	xl. Downtick means the price of a security below the last executed price of that security transacted through the Automated Trading System;	
lvi. Investor means a person trading in the Securities on the Automated Trading Systems through a Securities Broker under the terms and conditions specified in these Regulations;	lvi. Investor means a person trading in the Securities on the Automated Trading Systems through a Securities Broker under the terms and conditions specified in these Regulations;	
lix. Negotiated Deal means a deal which has been negotiated between two parties outside the Exchange Trading Systems and reported through the interface provided by the Exchange, which may also be called as an Off Market Transaction;	lix. Negotiated Deal means a deal which has been negotiated between two parties outside the Exchange Trading Systems and reported through the interface provided by the Exchange, which may also be called as an Off Market Transaction;	
Pre-Trade Margin mean the initial margin payable in advance by a Securities Broker at order entry level in the Automated Trading System;	Pre-Trade Margin mean the initial margin payable in advance by a Securities Broker at order entry level in the Automated Trading System;	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
lxxxvi. SIFC means Stock Index Futures Contract executed through the Trading Systems of the Exchange;	lxxxvi. SIFC means Stock Index Futures Contract executed through the Trading Systems of the Exchange;	
lxxxviii. Stock Index Futures Contract means a derivative contract executed through the Automated Trading System subject to these Regulations;	lxxxviii. Stock Index Futures Contract means a derivative contract executed through the Automated Trading System subject to these Regulations;	
New Insertion	<u>Trading Terminal</u> <u>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.</u>	To define the term 'trading terminal' as it is used frequently in the Rulebook and is an important term to be defined for clarity purpose.
xciii. Tick Size means the minimum price increase or decrease at which trades can be made on the Automated Trading System;	xciii. Tick Size means the minimum price increase or decrease at which trades can be made on the Automated Trading System;	The term 'Automated/Exchange Trading System' has been replaced with 'Trading System' throughout the Rulebook.
xcv. Transaction Price mean the price at which the trade is executed on the Exchange Trading System;	xcv. Transaction Price mean the price at which the trade is executed on the Exchange Trading System;	
c. Uptick means the price of a Security above the last executed price of that Security transacted through the Exchange Trading System;	c. Uptick means the price of a Security above the last executed price of that Security transacted through the Exchange Trading Systems;	
civ. 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 Automated Trading System.	civ. 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 Automated Trading System.	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>required to be taken by them against such Securities Broker.</p> <p>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.</p>	<p>required to be taken by them against such Securities Broker.</p> <p>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.</p>	<p>-do-</p>
<p>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 Systems of such Securities Broker deactivated due to the following reasons:</p>	<p>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 Systems of such Securities Broker deactivated due to the following reasons:</p>	
Chapter 4: TRADING RIGHTS ENTITLEMENT (TRE) CERTIFICATE		
<p>4.25. IT AND INFORMATION SECURITY REQUIREMENTS FOR THE SELECTION OF SOFTWARE VENDORS AND USAGE OF SOFTWARE BY THE TRE CERTIFICATE HOLDERS:</p> <p>4.25.1. The TRE Certificate Holders shall:</p> <p>(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 testing including vulnerability assessment and penetration testing and certification requirements prescribed by the Exchange from time to time.</p> <p>(e) ensure that the Exchange provided endpoint security and antivirus solution</p>	<p>4.25. IT AND INFORMATION SECURITY REQUIREMENTS FOR THE SELECTION OF SOFTWARE VENDORS AND USAGE OF SOFTWARE BY THE TRE CERTIFICATE HOLDERS:</p> <p>4.25.1. The TRE Certificate Holders shall:</p> <p>(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 <u>review and</u> testing including vulnerability assessment and penetration testing and certification requirements prescribed by the Exchange from time to time.</p> <p>(e) ensure that the Exchange provided endpoint security and antivirus solution</p>	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>remain installed and operational at all times on all trading terminals.</p> <p>(f) ensure that only Exchange certified ancillary software are installed on the trading terminals.</p>	<p>remain installed and operational at all times on all #Trading #Terminals.</p> <p>(f) ensure that only Exchange certified ancillary software are installed on the #Trading #Terminals.</p>	<p>Trading Terminal has been defined in Chapter 2.</p>
Chapter 5: LISTING OF COMPANIES AND SECURITIES REGULATIONS		
<p>5.16. PROCEDURE FOR VOLUNTARY DE-LISTING:</p> <p>5.16.4. Provided further that all the trades during the initial period of 60 days will be conducted on KATS only irrespective of marketable lot. The purchase agent will be required to maintain a live bid in the System at the minimum purchase price approved by the Exchange. The purchase price shall be based on market forces, subject to minimum purchase price determined by the Exchange.</p>	<p>5.16. PROCEDURE FOR VOLUNTARY DE-LISTING:</p> <p>5.16.4. Provided further that all the trades during the initial period of 60 days will be conducted on <u>the Trading System</u> KATS only irrespective of marketable lot. The purchase agent will be required to maintain a live bid in the System at the minimum purchase price approved by the Exchange. The purchase price shall be based on market forces, subject to minimum purchase price determined by the Exchange.</p>	<p>As there will be no distinction for KATS and BATS in new Trading System, the references of KATS and BATS, wherever appearing in PSX Regulations, are proposed to be replaced with a generic term "Trading System".</p>
Chapter 5A: REGULATIONS GOVERNING LISTING AND TRADING OF EQUITY SECURITIES ON GROWTH ENTERPRISE MARKET		
<p>5A.9. TRADING OF SECURITIES ON EXCHANGE, RISK MANAGEMENT AND ALLIED MATTERS:</p> <p>5A.9.1. TRADING THROUGH KATS:</p> <p>(a) Any Securities Broker can trade on the GEM either on his own account or on account of his clients.</p> <p>(b) Trading in GEM shall take place through KATS.</p>	<p>5A.9. TRADING OF SECURITIES ON EXCHANGE, RISK MANAGEMENT AND ALLIED MATTERS:</p> <p>5A.9.1. TRADING THROUGH KATS:</p> <p>(a) Any Securities Broker can trade on the GEM either on his <u>its</u> own account or on account of his <u>its</u> clients</p> <p>(b) Trading in GEM shall take place through <u>the Trading System</u> KATS.</p>	<p>To simplify the text.</p>
Chapter 5B: LISTING OF DEBT SECURITIES REGULATIONS		
<p>5B.13. TRADING THROUGH BATS:</p> <p>5B.13.1. The Debt Securities shall be traded at the Exchange's Bond Automated Trading System (BATS).</p>	<p>5B.13. TRADING THROUGH BATS:</p> <p>5B.13.1. The Debt Securities shall be traded <u>through the Trading System</u> at the Exchange's Bond Automated Trading System (BATS).</p>	<p>To simplify the text.</p>
Chapter 5C: PRIVATELY PLACED DEBT SECURITIES' LISTING REGULATIONS		
<p>5C.12. TRADING AND SETTLEMENT OF SECURITIES:</p> <p>Trading in debt securities listed under this Chapter shall commence one day after</p>	<p>5C.12. TRADING AND SETTLEMENT OF SECURITIES:</p> <p>Trading in debt securities listed under this Chapter shall commence one day after the date of their formal listing through <u>the</u></p>	<p>As there will be no distinction for KATS and BATS in new Trading System, the references of BATS, wherever</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
the date of their formal listing through BATS and settled through NCSS.	<u>Trading System</u> BATS and settled through NCSS.	appearing in PSX Regulations, are proposed to be replaced with a generic term "Trading System".
Chapter 6: GOVERNMENT DEBT SECURITIES (GDS) MARKET REGULATIONS		
<p>6.1. DEFINITIONS:</p> <p>In this chapter, unless the subject or context otherwise requires:</p> <p>(a) "BATS" means Bond Automated Trading System introduced by the Exchange, which is governed under the Bond Automated Trading System Regulations of the Exchange contained in Chapter 8 (B) (Bonds Automated Trading System Regulations) of these Regulations;</p> <p>(g) "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 RFQ orders either sequentially or simultaneously in the Designated Product for GDS Market;</p> <p>(l) "RFQ" means a Request For Quote which is a functionality available in the BATS as ascribed in chapter 8B of these Regulations;</p> <p>(q) "Tick Size" means the minimum price increase or decrease at which RFQ can be made in GDS Market on BATS;</p> <p>(r) "Trading Participant" means a Securities Broker or Commercial Bank authorized by the Exchange in accordance with procedure laid down in Regulation 6.3. to trade in Government Debt Securities through BATS;</p>	<p>6.1. DEFINITIONS:</p> <p>In this chapter, unless the subject or context otherwise requires:</p> <p>(a) "BATS" means Bond Automated Trading System introduced by the Exchange, which is governed under the Bond Automated Trading System Regulations of the Exchange contained in Chapter 8 (B) (Bonds Automated Trading System Regulations) of these Regulations;</p> <p>(g) "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 RFQ <u>orders quotes</u> either sequentially or simultaneously in the Designated Product for GDS Market;</p> <p>(l) "RFQ" means a Request For Quote which is a functionality available in the <u>Trading System</u> BATS as ascribed in <u>Chapter 8</u> chapter 8B of these Regulations;</p> <p>(q) "Tick Size" means the minimum price increase or decrease at which RFQ can be made in GDS Market on <u>the Trading System</u> BATS;</p> <p>(r) "Trading Participant" means a Securities Broker or Commercial Bank authorized by the Exchange in accordance with procedure laid down in Regulation 6.3. to trade in Government</p>	<p>-do-</p> <p>In addition to RFQ and NDM, regulations for continuous trading/ auction in GDS are being proposed.</p> <p>As there will be no distinction for KATS and BATS in new Trading System, the references of BATS, wherever appearing in PSX Regulations, are proposed to be replaced with a generic term "Trading System".</p> <p>-do-</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
(s) "Trading Workstation" means such trading workstation provided to Trading Participants by the Exchange.	Debt Securities through <u>the Trading System</u> BATS ; (s) "Trading Workstation" means such trading workstation provided to Trading Participants by the Exchange.	As the new term 'Trading Terminal' has already been defined in Chapter 2, the redundancy is proposed to be removed.
6.2. GOVERNMENT DEBT SECURITIES ELIGIBLE FOR TRADING UNDER THESE REGULATIONS: 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 Ijara Sukuk (d) Any other Government Debt Security, including Debt Securities issued by the federal government, any provincial government, local government, local authority and any statutory bodies authorized by SBP and allowed for trading by the Exchange with the approval of the Commission from time to time.	6.2. GOVERNMENT DEBT SECURITIES ELIGIBLE FOR TRADING UNDER THESE REGULATIONS: 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) = <u>Fixed and Floater</u> (c) Government of Pakistan Ijara Sukuk - <u>Fixed Rental Rate and Variable Rental Rate</u> (d) Any other Government Debt Security, including Debt Securities issued by the federal government, any provincial government, local government, local authority and any statutory bodies authorized by SBP and allowed for trading by the Exchange with the approval of the Commission from time to time.	For clarity, it is proposed to mention the nature of securities issued by Federal Government (PIB Floater & GIS VRR).
6.3. TRADING PARTICIPANTS: The following shall be eligible to become Trading Participants to trade in Government Debt Securities in GDS Market on BATS through Trading Work Stations provided by the Exchange: (a) All Securities Brokers that have access to trade in equity securities on KATS 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	6.3. TRADING PARTICIPANTS: The following shall be eligible to become Trading Participants to trade in Government Debt Securities in GDS Market on <u>the Trading System</u> BATS through Trading <u>Terminals</u> Work-Stations provided by the Exchange: (a) All Securities Brokers that have access to trade in equity securities on <u>the Trading System</u> KATS are eligible to participate in the GDS Market of the Exchange for trading in their Proprietary Accounts or in the accounts of the Eligible	As there will be no distinction for KATS and BATS in new Trading System, the references of KATS and BATS, wherever appearing in PSX Regulations, are proposed to be replaced with a generic term "Trading System".

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
and/or Cash Accounts with any Clearing Participant; (b) All Commercial Banks registered with SBP.	Clients having IPS Accounts and/or Cash Accounts with any Clearing Participant; (b) All Commercial Banks registered with SBP.	
6.4. CLEARING PARTICIPANTS: The following shall be eligible to become Clearing Participants to settle trades in Government Debt Securities in GDS Market on BATS:	6.4. CLEARING PARTICIPANTS: The following shall be eligible to become Clearing Participants to settle trades in Government Debt Securities in GDS Market on <u>the Trading System</u> BATS :	-do-
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 one trading day before the execution of trade the 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 through BATS on next Trading Day; (b) The Exchange will upload such information on its BATS trading platform against UIN accounts of the respective buyer or seller of Government Debt Securities before opening of market on Trade Day (T+0); (c) Trading Participant except those Commercial Banks who fulfill the criteria developed by the SBP for Trading	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 one trading day before the execution of trade the <u>UIN-wise</u> 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 through BATS on next Trading Day ; (b) The Exchange will upload such information on its BATS trading platform against UIN accounts of the respective buyer or seller of Government Debt Securities before opening of market on Trade Day (T+0); (c) Trading Participant except those Commercial Banks who fulfill the criteria developed by the SBP for Trading	To facilitate instant settlement, requisite amendments are being proposed. Operational aspect is covered in clause 6.6 (a) above to facilitate instant settlement, hence this clause is proposed to be removed.

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>Participants on the Exchange, will be restricted to enter RFQ on BATS 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 BATS trading platform in accordance with the procedures.;</p>	<p>Participants on the Exchange, will be restricted to enter RFQ on <u>the Trading System</u> BATS 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 <u>the Trading System</u> BATS—trading—platform in accordance with the procedures;</p>	
<p>6.7. RIGHTS & OBLIGATIONS OF TRADING PARTICIPANT, CLEARING PARTICIPANT AND ELIGIBLE CLIENT:</p> <p>(c) Trading Participant may apply to the Exchange to acquire Trading Workstation on such terms and condition as may be prescribed by the Exchange from time to time;</p> <p>(h) Whenever a Trading Participant puts an order in GDS Market on BATS on behalf of an Eligible Client it shall enter the client code duly tagged with the UIN of such client.</p>	<p>6.7. RIGHTS & OBLIGATIONS OF TRADING PARTICIPANT, CLEARING PARTICIPANT AND ELIGIBLE CLIENT:</p> <p>(c) Trading Participant may apply to the Exchange to acquire Trading Workstation <u>Terminal</u> on such terms and condition as may be prescribed by the Exchange from time to time;</p> <p>(h) Whenever a Trading Participant puts an order in GDS Market on <u>the Trading System</u> BATS on behalf of an Eligible Client it shall enter the client code duly tagged with the UIN of such client.</p>	<p>Trading Terminal has been defined in Chapter 2.</p>
<p>6.8. DEALINGS ON THE GDS MARKET:</p> <p>(a) Trading on the GDS Market of the Exchange shall be allowed only through approved Trading Workstation(s) of a Trading Participant.</p> <p>(b) Each Trading Participant shall be assigned a participant identification code by the Exchange and the same shall be used to log on to BATS for accessing GDS Market.</p> <p>(c) The permission to use the Trading Workstation shall be subject to payment of such charges as the Exchange may prescribe from time to time.</p> <p>(f) The Exchange shall provide its services on a best effort basis. However, the Exchange shall not be liable for:</p> <p>(iii) any fault in any ancillary or associated equipment (either supplied by</p>	<p>6.8. DEALINGS ON THE GDS MARKET:</p> <p>(a) Trading on the GDS Market of the Exchange shall be allowed only through approved Trading Workstation <u>Terminal(s)</u> of a Trading Participant.</p> <p>(b) Each Trading Participant shall be assigned a participant identification code by the Exchange and the same shall be used to log on to <u>the Trading System</u> BATS for accessing GDS Market.</p> <p>(c) The permission to use the Trading Workstation <u>Terminal</u> shall be subject to payment of such charges as the Exchange may prescribe from time to time.</p> <p>(f) The Exchange shall provide its services on a best effort basis. However, the Exchange shall not be liable for:</p> <p>(iii) any fault in any ancillary or associated equipment (either supplied by</p>	<p>Trading Terminal has been defined in Chapter 2.</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
the Exchange or approved by the Exchange) which forms or does not form part of the Trading Workstation installation; or	the Exchange or approved by the Exchange) which forms or does not form part of the Trading Workstation <u>Terminal</u> installation; or	As there will be no distinction for KATS and BATS in new Trading System, the references of KATS and BATS, wherever appearing in PSX Regulations, are proposed to be replaced with a generic term "Trading System".
6.9. REQUEST FOR QUOTATIONS (RFQ): (c) RFQ MARKETABLE LOTS: The following will be Marketable Lots of Government Debt Securities for RFQ Orders through BATS:	6.9. REQUEST FOR QUOTATIONS (RFQ): (c) RFQ MARKETABLE LOTS: The following will be Marketable Lots of Government Debt Securities for RFQ Orders through <u>the Trading System</u> BATS :	
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 T-1 and no trade shall exceed the Custody Position as on T-1; or (b) full Buying Capacity on T+1 within specified time period in case of inadequate Buying Capacity on T-1.	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) <u>settlement of trade on post-trade basis at T+1 or within specified time period in case of inadequate pre-trade Buying Capacity</u> full Buying Capacity on T+1 within specified time period in case of inadequate Buying Capacity on T-1 .	To facilitate instant settlement.
6.13. TRADING, CLEARING AND SETTLEMENT PROCEDURES: (a) SETTLEMENT CYCLE: All trades in GDS Market shall be settled on 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.	6.13. TRADING, CLEARING AND SETTLEMENT PROCEDURES: (a) SETTLEMENT CYCLE: All trades in GDS Market shall be settled on <u>maximum up to</u> 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.	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>(b) TRADE EXECUTION PROCESS:</p> <p>(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 at the end of Trading Day - 1 (T-1).</p>	<p>(b) TRADE EXECUTION PROCESS:</p> <p>(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 <u>on a pre-trade basis</u> at the end of Trading Day - 1 (T-1).</p>	<p>Same as above.</p>

The Existing Chapters 8[A] and 8[B] related to KATS and BATS Regulations respectively are proposed to be merged to form a unified chapter governing Trading System.

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, 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 administering 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 at a remote place outside the Exchange premises, 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.
- 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:

- 8.5.1. Orders will be matched on the basis of following order of priorities:
 - (a) Price
 - (b) Time of entry
- 8.5.2. 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.
- 8.5.3. Any other factors affecting the order of Queue Priority shall be determined and notified by the Exchange with the prior approval of the Board.
- 8.5.4. In case an Order is executed partly, the remaining part of such Order shall not lose its priority.

8.6. ORDER TYPES:

- 8.6.1. 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)
- 8.6.2. 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.

8.7. 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

8.8. QUOTE TYPES AND ATTRIBUTES FOR DEBT SECURITIES TRADES:

8.8.1. Debt Market Securities will trade in decimal increments to 4 decimal places (e.g. 101.3213).

8.8.2. 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.

8.8.3. 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.

8.9. INSERTION OF CLIENT'S CODE IN EVERY BID AND OFFER THROUGH TRADING SYSTEM:

8.9.1. 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.

8.9.2. 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.

8.10. 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)

8.11. 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.

8.12. 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.

8.13. CHANGE FORMER ORDER (CFO):

8.13.1 The terms of an Order placed in the Trading System can only be modified through the CFO option.

8.13.2 CFO option can only modify price and volume of an unfilled/outstanding Order in whole or in parts.

8.14. 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.

8.15. MARKET OPENING:

8.15.1. 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.

8.15.2. Where a market imbalance exists, an opening price shall be chosen by the Trading System.

8.15.3. Once the opening price is chosen, all trading shall take place at that opening price.

8.15.4. 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.

8.15.5. **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.

8.15.6. 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.

8.15.7. Open Session: After the completion of Break Period, the Open Session will commence for regular trading activity subject to these Regulations.

8.15.8. 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.

8.16. NEGOTIATED DEAL:

8.16.1. 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.

8.16.2. Price protection procedures shall not apply to Negotiated Deals.

8.16.3. Negotiated Deal shall have no minimum volume requirements.

8.16.4. 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.

8.16.5. Negotiated Deal can be an Odd Lot.

8.16.6. All Negotiated Deals will be cancelled at the end of trading day if they remain unconfirmed.

8.16.7. 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.

8.17. SUSPENSION OF SECURITY/SECURITIES AND/OR SECURITIES BROKER(S):

8.17.1. 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.

8.17.2. All Orders may be cancelled globally by the Exchange at its sole discretion.

8.17.3. Cancellation messages shall be forwarded to all Securities Brokers.

8.17.4. 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.

8.17.5. Reinstatement of Security and/or Securities Broker, as the case may be, may take place during the suspension period.

8.18 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.

8.19. GENERAL:

8.19.1. A Securities Broker shall be responsible for all Orders entered, modified or cancelled into the order book in the Trading System.

8.19.2. 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.

8.19.3. 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.

8.19.4. The terms and phrases used herein without a specific definition shall have the meaning in accordance with current trade practice.

8.19.5. Any determination made by the Trading System through an interactive process shall be conclusive.

8.19.6. 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.

8.19.7. Notwithstanding anything contained in these Regulations, the Exchange may in its sole discretion cancel any Order 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

8.20 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 8A: KARACHI AUTOMATED TRADING SYSTEM (KATS) REGULATIONS~~

~~8.1. DEFINITIONS AND INTERPRETATION:~~

~~8.1.1. This chapter shall apply to the Securities Brokers in respect of trading conducted through KATS.~~

~~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 KATS becomes inoperative or in-accessible for any reason, 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 KATS maintained by the Exchange;~~
- ~~(d) "KATS" means the Karachi Automated Trading System of the Exchange;~~
- ~~(e) "Order" means a valid sale or purchase order placed by a Securities Broker through KATS;~~
- ~~(f) "Special Terms Orders" means an order which has special conditions for trading.~~

~~8.1.3. The term "security" or "securities" when used in this Chapter shall also refer to and include the Future Contracts.~~

~~8.2. ELIGIBILITY:~~

~~The Exchange shall notify the securities that shall be eligible for trading on the KATS.~~

~~8.3. AVAILABILITY:~~

~~8.3.1. The Exchange will make available KATS to the Securities Brokers by providing trading workstation connections. The number of trading workstations for each Securities Brokers shall be decided by the Managing Director of the Exchange.~~

~~8.3.2. Every Securities Broker shall mandatorily get and maintain one DR Terminal at a remote place outside the Exchange premises, 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.~~

~~However, such DR Terminal, shall be 'view only' terminal during normal operations of the Exchange and will be activated only for trading purposes during the period of Disaster declared by the Exchange or intimated by the Securities Broker to the Exchange or in the case of disaster/crisis at the end of the Securities Broker. While activating DR Terminal for trading purposes, Exchange shall ensure that normal trading workstations~~

~~are not connected with KATS. As soon as the Exchange or the Securities Brokers declares removal of Disaster status, the DR Terminal will be switched back to 'view only' from the 'trading' terminal.~~

~~8.3.3. The Exchange may suspend or shutdown automated trading in the event that KATS is inoperative or inaccessible to due to any technical fault affecting more than such number of trading workstations or Securities Brokers as may be prescribed by the Board.~~

~~8.3.4. If the Board is satisfied that the trading through KATS cannot be resumed within reasonable time then the Board may allow the trading in the Exchange on the conventional outcry system for such time as it deems fit.~~

~~8.4. TICK SIZE:~~

~~The Tick Size will be 1 (one) paisa for all orders placed on KATS, unless otherwise specified in the relevant Regulations governing a specific Market.~~

~~8.5. QUEUE PRIORITY:~~

~~8.5.1. Orders that cannot be immediately executed shall be queued for future execution in a specific order of priority mainly based in the following order:~~

~~(a) Price~~

~~(b) Time of entry~~

~~Any other factors affecting the order of Queue Priority shall be determined and notified by the Exchange with the prior approval of the Board.~~

~~8.5.2. In case an Order is executed partly, the remaining part of such Order shall not lose its priority.~~

~~8.5.3. The Queue Priority shall be determined by KATS through an interactive process and the order of priority displayed by KATS shall be conclusive.~~

~~8.6. INSERTION OF CLIENT'S CODE IN EVERY BID AND OFFER THROUGH KATS:~~

~~8.6.1. Every Securities Broker while inserting a bid and offer through KATS for each of his clients, shall insert unique Client Codes for those clients which are maintained by them in their 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.~~

~~8.6.2. Every Securities Broker shall ensure that the shares 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.~~

~~8.7. DISCLOSED AND UNDISCLOSED VOLUME:~~

~~8.7.1. An Order may specify the total share volume and may specify a lesser amount that is disclosed to the market. The disclosed volume shall not exceed the total volume.~~

~~8.7.2. Total and disclosed volume of an Order must be a marketable lot.~~

~~8.7.3. An increase in disclosed volume will cause a new time stamps and change in Queue Priority but a decrease in disclosed volume will not cause a new time stamp or change in Queue Priority.~~

~~8.8. TIME IN FORCE RESTRICTION:~~

~~8.8.1. All Orders shall be valid only for the relevant trading day unless a time restriction is specified otherwise in which case such Order shall be automatically removed on the close of the trading day or after expiry of the specified time, as the case may be, if it remains unfilled till then.~~

~~8.8.2. Terms allowed for Time in Force Restriction include:~~

- (a) Day
- (b) Good Till Cancelled (GTC) (i.e. Open)
- (c) Good to Date (Month-Day-Year) (GTD)
- (d) Good for Week (GTW)
- (e) Good for Month (GTM)
- (f) Fill or Kill (FOK)

~~8.9. 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 prescribed for all KATS Orders.~~

~~8.10. CANCEL ORDER:~~

~~A Cancel Order can only cancel an outstanding Order and cannot cancel a trade completed with the specified Order. It will not act as a Cancel Trade Request if that Order has already been executed.~~

~~8.11. CHANGE FORMER ORDER (CFO):~~

~~8.11.1. The terms of an Order posted to the KATS cannot be changed except by the Change Former Order (CFO) option.~~

~~8.11.2. The options available for CFO shall be notified by the Exchange from time to time.~~

~~8.12. SETTLEMENT:~~

~~The Settlement of the trading through KATS shall take place in accordance with NCCPL Regulations and NCSS Procedures made thereunder.~~

~~8.13. NEGOTIATED DEAL:~~

~~8.13.1. Negotiated Deal shall not participate in the open market but trade throughout the hours of operation of the Exchange and thereafter until a time set by the Exchange.~~

~~8.13.2. Price protection procedures shall not apply to Negotiated Deals.~~

~~8.13.3. Negotiated Deal shall have no minimum volume requirements.~~

~~8.13.4. A Negotiated Deal will trade in its entirety as if it were an All or None (AON) trade partial fills and undisclosed volumes shall not be allowed.~~

~~8.13.5. Negotiated Deals will be between two separate Securities Brokers otherwise the same shall be treated as Cross Trade.~~

~~8.13.6. Negotiated Deal can be an Odd Lot.~~

~~8.13.7. All unconfirmed Negotiated Deals will be cancelled when the KATS engine is dumped at the end of a Trading Day.~~

~~8.14. SPECIAL TERMS ORDERS:~~

~~8.14.1. A Special Terms Order shall not be shown as part of the normal round lot Order book but will be maintained in a Special Terms Order book that can be viewed separately from the round lot book.~~

~~8.14.2. The options available for Special Terms Order shall be notified by the Exchange from time to time with the prior approval of the Managing Director of the Exchange.~~

~~8.15. OPENING:~~

~~8.15.1. Pre-Open Session consists of following periods:~~

~~**Order Entry Period:** During this period, the Orders are entered and queued and Order execution, modification or cancellation is disallowed. Market orders and Special Term Orders are not allowed during this period.~~

Order Matching and Confirmation 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.

8.15.2. Where a market imbalance exists, an opening price will be chosen by KATS through an interactive process.

8.15.3. Once the opening price is chosen, all trading shall take place at that single opening price and no price level transition will be allowed.

8.15.4. If the orders are not entered during Pre-Open session the last trading day Closing Price or last traded price of previous trading session, whichever is applicable, would be the Open Price till the first trade occurs in the scrip in open state. Once trade occur in the open state the first trade price shall become the Opening Price of the scrip with the exception that the first trade shall not be Cross Trade in nature.

8.15.5. Opening Price Calculation: The Opening Price for scrip is 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. The decision rules are applied in the order provided hereunder.

Each symbol has only one Opening Price. The Opening Price is calculated based on the available orders in the regular book. 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.

8.15.6. 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.

8.15.7. Open Session: After the completion of Order Matching and Confirmation Period the Open Session will commence for regular trading activity subject to these Regulations.

Notwithstanding anything contained above, all Orders entered during Order Entry Period that remain unfilled during Pre-Open session shall not be cancelled/modified for three minutes immediately after start of the Open Session or for such time period as specified by the Exchange with prior approval of the Commission from time to time

8.15.8. Frozen Trades: The Exchange can define parameters that can cause any trade that violates them to be "frozen" so that it can be examined before the Exchange decides to allow it or prevent it. This is based on things such as a drastic change in the trade price or an extremely high volume. The monitoring that takes place during the trading day is also in effect during the open. Any trade that violates freeze parameter

~~at the open will result in a freeze. All the trading done for the open of the current Security is placed on hold until the Exchange decides how to proceed. Only the specific Security is frozen.~~

~~8.16. HALTS:~~

~~8.16.1. Trading in each Security can be halted on demand by the Exchange.~~

~~8.16.2. A halt can be instituted for a Security at any time during the trading day. Once halted, no further trading in such Security will take place unless the halt is removed.~~

~~8.16.3. All Orders may be cancelled globally by the Exchange at the discretion of the Exchange.~~

~~8.16.4. Cancellation messages shall be forwarded to the traders.~~

~~8.16.5. The Exchange may, in the interest of the market, put a halt on trading by any Securities Broker under the KATS.~~

~~8.16.6. Order entry or reinstatement may take place during the halt period.~~

~~8.17. GENERAL:~~

~~8.17.1. A Securities Broker shall be responsible for all Orders entered from his trading workstation(s).~~

~~8.17.2. The Board may issue any guidelines and clarifications from time to time for removal of any difficulties in the execution or operation of these Regulations.~~

~~8.17.3. The terms and phrases used herein without a specific definition shall have the meaning in accordance with current trade practice.~~

~~8.17.4. Any determination made by KATS through an interactive process shall be conclusive.~~

~~8.17.5. Any dispute between a Securities Broker and his 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.~~

~~8.17.6. Notwithstanding anything contained in these Regulations the Exchange may in its sole discretion cancel any order (before execution) with the prior approval of the Board.~~

~~Chapter 8B BONDS AUTOMATED TRADING SYSTEM REGULATIONS~~

~~8B.1. DEFINITIONS:~~

~~8B.1.1. In this chapter, the following expressions shall, unless the context requires otherwise, have the meanings herein specified below:~~

~~(a) "Order" means a valid sale or purchase order placed by a Securities Broker through its BATS trading terminal.~~

~~8B.2. ADMINISTRATION & EXERCISE OF POWERS:~~

~~The Exchange may exercise the following powers in operating and administering BATS:~~

~~(a) To release information in its possession concerning any TRE Certificate Holder and all activities of the Securities Broker on BATS to persons authorized by law to request for such information;~~

~~(b) To impose fees in relation to the use of the facilities available on BATS.~~

~~8B.3. ELIGIBILITY OF SECURITIES:~~

~~The Exchange shall notify the Debt Market Securities that shall be eligible for trading on the BATS, with prior approval of the Commission.~~

~~8B.4. AVAILABILITY:~~

~~8B.4.1. Any Securities Broker can enter into Debt market under these Regulations if he notifies to the Exchange in writing of such desire.~~

~~8B.4.2. The Exchange will make available BATS to the Securities Brokers for trading in eligible Debt Securities Market by providing trading workstation connections. The number of trading workstations for each Securities Broker shall be decided by the Managing Director of the Exchange.~~

~~8B.4.3. The Exchange may suspend or shutdown BATS trading in the event that the BATS is inoperative or inaccessible to more than such number of trading workstations or Securities Broker as may be prescribed by the Board.~~

~~8B.5. ORDER/TRADE PRICES, AND DATABASE FOR ACCRUED INTEREST CALCULATIONS:~~

~~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. 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~~

~~8B.6. ORDER TYPES AND ATTRIBUTES FOR DEBT TRADES:~~

~~8B.6.1. Orders will be matched on a strict price/time priority basis.~~

~~8B.6.2. Debt Market Securities will trade in decimal increments to 4 decimal places (e.g. 101.3213).~~

~~8B.6.3. All or None, Limit Orders, Market Orders, Change Former Order (CFO), contingent Orders (Stop Loss Market If Touch (SLMIT), Cancel Order (CXL), Cancel Order Globally (COG) and Global Order state change are allowed.~~

~~8B.6.4. Modification of price in CFO would be subject to fill allocation priorities; however, reduction of bid/offer quantity shall not be subject to the fill allocation priorities.~~

~~8B.7. QUOTE TYPES, ATTRIBUTES FOR DEBT MARKET TRADES AND CONFIDENTIALITY:~~

~~8B.7.1. Functionality for Requests for Quotations (RFQ) shall be available in the BATS.~~

~~Explanation: RFQ comprises transmitting a request for bid or offer through BATS to other market participants and subsequent receipt of quotes from market participants in respect of a BATS eligible Debt Market Security.~~

~~8B.7.2. 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.~~

~~8B.7.3. BATS 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.~~

~~8B.8. QUEUE PRIORITY:~~

~~8B.8.1. Orders that cannot be immediately executed shall be queued for future execution in a specific order of priority mainly based on the following order:~~

- ~~(a) Price~~
- ~~(b) Time of entry~~

~~Any other factors affecting the order of queue priority shall be determined and notified by the Exchange with the prior approval of the Board.~~

~~8B.8.2. In case an Order is executed partially, the remaining part of such Order shall not lose its priority.~~

~~8B.8.3. The queue priority shall be determined by BATS through an interactive process and the order of priority displayed by BATS shall be conclusive.~~

~~8B.9. INSERTION OF CLIENT'S CODE IN EVERY BID AND OFFER THROUGH BATS:~~

~~8B.9.1. Every Securities Broker, while inserting a bid and/ or an offer through BATS for each of his clients, shall insert unique Client Codes for those clients which are maintained by them in their 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 Broker even after the closure of the account.~~

~~8B.9.2. 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.~~

~~8B.10. DISCLOSED AND UNDISCLOSED VOLUME:~~

~~8B.10.1. An Order may specify the total Debt Market Security volume and a lesser amount that is disclosed to the market. The disclosed volume shall not exceed the total volume.~~

~~8B.10.2. An increase in disclosed volume will cause a new time stamps and change in queue priority but a decrease in disclosed volume will not cause a new time stamp or change in queue priority.~~

~~8B.10.3. The maximum Order size for Corporate Debt Securities shall be Rs. 100 Million and 40% of which can be specified as disclosed volume.~~

~~8B.11. CROSS TRADES:~~

~~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 for all BATS Orders.~~

~~8B.12. CANCEL ORDER:~~

~~A Cancel Order option can only cancel the unfilled order(s) or its portion and it will not act as a Cancel Trade Request if that Order has already been executed.~~

~~8B.13. CHANGE FORMER ORDER (CFO):~~

~~The terms of an Order posted to the BATS cannot be changed except by the Change Former Order (CFO) option. CFO option can only be exercised in respect of unfilled order(s) or its portion.~~

~~8B.14. TIME IN FORCE RESTRICTION:~~

~~8B.14.1. All Orders shall be valid only for the relevant trading day unless a time restriction is specified otherwise in which case such Order shall be automatically removed on the close of the trading day or after expiry of the specified time, as the case may be, if it remains unfilled till then.~~

~~8B.14.2. Terms allowed for Time in Force Restriction include;~~

- ~~(a) Good till Day (GTD)~~
- ~~(b) Good till Week (GTW)~~
- ~~(c) Good till Month (GTM)~~
- ~~(d) Good till Cancel (GTC)~~

~~8B.15. MARKET OPENING:~~

~~Debt market shall only have two states i.e. open and close. There will be no pre-open, pre-close and open-close states.~~

~~8B.16. MARKET HALTS:~~

~~8B.16.1. The trading in any one or more Debt Market Securities can be halted at the discretion of the Exchange at any time during trading hours, through a notice and /or announcement. During a market halt the market status will be displayed as HALT and no further trading in the such Debt Market Securities will take place unless the halt is removed. The Exchange can subsequently lift these halts and the market will return to its state prior to imposing the halt.~~

~~8B.16.2. All Orders may be cancelled globally by the Exchange at discretion of the Exchange.~~

~~8B.16.3. Cancellation messages shall be forwarded to all Securities Brokers trading on BATS.~~

~~8B.16.4. The Exchange may, in the interest of the market, put a halt on trading by any Securities Broker under the BATS.~~

~~Provided that in case the Board decides to halt the market for more than 24 hours, the same shall be implemented with the prior written approval of the Commission.~~

~~8B.17. NEGOTIATED DEAL:~~

~~8B.17.1. 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.~~

~~8B.17.2. Price protection procedures shall not apply to Negotiated Deals.~~

~~8B.17.3. All Negotiated Deals executed shall be mandatorily reported to the Exchange on the same trading day in the manner as prescribed by the Exchange.~~

~~8B.18. FEES:~~

~~Trading fees will be levied at the rate of 0.005% of the Debt Market Securities' trading value, or as may be prescribed by the Board from time to time.~~

~~8B.19. RISK MANAGEMENT, CLEARING AND SETTLEMENT:~~

~~The risk management, clearing and settlement of all trades entered and executed on BATS shall be governed by the rules, regulations and procedures of the NCCPL.~~

~~8B.20. GENERAL:~~

~~8B.20.1. A Securities Broker shall be responsible for all Orders entered from his trading workstation(s).~~

~~8B.20.2. The Board may issue any guidelines and clarifications from time to time for removal of any difficulties in the execution or operation of these regulations.~~

~~8B.20.3. The terms and phrases used herein without a specific definition shall have the meaning in accordance with current trade practices.~~

~~8B.20.4. Any determination made by BATS through an interactive process shall be conclusive.~~

~~8B.20.5. Any dispute arising out of or in connection with the trade executed under these Regulations shall, within two trading days of arising of such dispute, in the first place be referred to a committee constituted by the Board. Any party dissatisfied with the decision of the aforesaid committee may, within ten days of such decision, appeal to the Board.~~

~~8B.20.6. Notwithstanding anything contained in these Regulations, the Exchange may in its sole discretion cancel any Order (before execution) with the prior approval of the Managing Director of the Exchange.~~

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
Chapter 9: INTERNET TRADING REGULATIONS		
9.1. DEFINITIONS AND INTERPRETATION: (b) "Internet Based Trading Services or IBTS" shall mean services associated with internet based trading for the purpose of routing orders to trading systems of the Exchange through an automated order routing system as provided for under these Regulations;	9.1. DEFINITIONS AND INTERPRETATION: (b) "Internet Based Trading Services or IBTS" shall mean services associated with internet based trading for the purpose of routing orders to Trading Systems of the Exchange through an automated order routing system as provided for under these Regulations;	
Chapter 10: READY DELIVERY CONTRACTS MARKET REGULATIONS		
10.3. READY DELIVERY CONTRACT TRADING: 10.3.2. Trading in Ready Delivery Contracts shall take place through KATS only.	10.3. READY DELIVERY CONTRACT TRADING: 10.3.2. Trading in Ready Delivery Contracts shall take place through <u>the Trading System</u> KATS only.	The term 'KATS' and 'BATS' are proposed to be replaced with 'Trading System' in Chapter 2.
10.4. STANADARDIZED MARKETABLE LOTS: 10.4.1. BOOK-ENTRY SECURITIES: (d) The Exchange may allow the Securities Brokers to trade Odd Lots of all Book-entry Securities through an Odd Lots Market at the Exchange provided that Securities Brokers, for its single account on UIN basis, will be allowed to sell Odd Lots accumulating to full the Marketable Lot of a Security during whole trading day through Odd Lots Market, However, a Securities Broker may buy Odd Lots accumulating to Marketable Lot of a Security for its single account on UIN basis.	10.4. STANADARDIZED MARKETABLE LOTS: 10.4.1. BOOK-ENTRY SECURITIES: (d) The Exchange may allow the Securities Brokers to trade Odd Lots of all Book-entry Securities through an Odd Lots Market at the Exchange provided that Securities Brokers, for its single account on UIN basis, will be allowed to sell Odd Lots accumulating to full the Marketable Lot of a Security during whole trading day through Odd Lots Market, However, a Securities Broker may buy Odd Lots accumulating to Marketable Lot of a Security for its single account on UIN basis.	No such limits will be applicable in New Trading System.

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>10.14. SHORT SALE:</p> <p>10.14.3. In addition to Regulation 10.14.2. above., Short Sale shall also be allowed without Up-tick or Zero-Plus Tick up to the following extent:</p> <p>(a) UIN-WIDE POSITION: A UIN will be allowed to make short sale to the maximum extent of 2% of average daily turnover of the respective Security of previous one month.</p> <p>(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 extent of 4% of average daily turnover of the respective Security of previous one month.</p> <p>(c) MARKET-WIDE POSITION: All Securities Brokers on cumulative basis will be allowed to make short sale to the maximum extent of 40% of average daily turnover of the respective Security of previous one month.</p> <p>10.14.4. The exemptions mentioned in Regulation 10.14.3. above shall not be available in the following cases:</p> <p>(a) when the price of a security declines up to 2.5% from the Closing Price of the previous trading day, the exemptions shall not be available for the remainder of the day;</p> <p>(b) 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;</p> <p>(c) when lower circuit breaker, becomes applicable on the Closing Price of a Security consecutively for five trading days, the exemptions shall not be available for next fifteen trading days after the fifth trading day.</p>	<p>10.14. SHORT SALE:</p> <p>10.14.3. In addition to Regulation 10.14.2. above., Short Sale shall also be allowed without Up-tick or Zero-Plus Tick <u>up to in such manner and within such limits as may be notified by the Exchange from time to time.</u></p> <p>(a) UIN-WIDE POSITION: A UIN will be allowed to make short sale to the maximum extent of 2% of average daily turnover of the respective Security of previous one month.</p> <p>(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 extent of 4% of average daily turnover of the respective Security of previous one month.</p> <p>(c) MARKET-WIDE POSITION: All Securities Brokers on cumulative basis will be allowed to make short sale to the maximum extent of 40% of average daily turnover of the respective Security of previous one month.</p> <p>10.14.4. The exemptions mentioned in Regulation 10.14.3. above shall not be available in the following cases:</p> <p>(a) when the price of a security declines up to 2.5% from the Closing Price of the previous trading day, the exemptions shall not be available for the remainder of the day;</p> <p>(b) 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;</p> <p>(c) when lower circuit breaker, becomes applicable on the Closing Price of a Security consecutively for five trading days, the exemptions shall not be available for next fifteen trading days after the fifth trading day.</p>	<p>It is proposed that the basis for deciding such allowable limits which is free float at present may not be hardcoded in the Regulations.</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
12A.4. PROCEDURE FOR APPOINTMENT AS MARKET MAKER: 12A.4.2. Provided further that requirement of Market Making Agreement shall be applicable on PDs only if the PDs does not quote bid and ask price on daily basis in Government Debt Securities through Securities Exchange Trading System.	12A.4. PROCEDURE FOR APPOINTMENT AS MARKET MAKER: 12A.4.2. Provided further that requirement of Market Making Agreement shall be applicable on PDs only if the PDs does not quote bid and ask price on daily basis in Government Debt Securities through Securities-Exchange Trading System.	The term 'Automated/ Exchange Trading System' has been replaced with 'Trading System' throughout the Rulebook.
12A.5. ROLES AND RESPONSIBILITIES OF MARKET MAKER: The Market Maker shall: (a) daily quote on Exchange 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.	12A.5. ROLES AND RESPONSIBILITIES OF MARKET MAKER: The Market Maker shall: (a) daily quote on Exchange 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.	
Chapter 13: DELIVERABLE FUTURES CONTRACT MARKET REGULATIONS		
13.4. DELIVERABLE FUTURES CONTRACT TRADING: 13.4.1. Trading in Deliverable Futures Contracts shall be conducted under these Regulations. 13.4.2. Trading in Deliverable Futures Contract shall take place through KATS.	13.4. DELIVERABLE FUTURES CONTRACT TRADING: 13.4.1. Trading in Deliverable Futures Contracts shall be conducted under these Regulations 13.4.2. Trading in Deliverable Futures Contract shall take place through KATS <u>Trading System</u> .	Clauses 13.4.1 and 13.4.2 are merged to simplify the text.
13.6. MARGINS: 13.6.3. 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 KATS shall treat such revalued amounts as the traded values, based on which Exposures will be calculated.	13.6. MARGINS: 13.6.3. 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 <u>Trading System</u> KATS shall treat such revalued amounts as the traded values, based on which Exposures will be calculated.	
Chapter 14: CASH-SETTLED FUTURES CONTRACT MARKET REGULATIONS		
14.2. TRADING: 14.2.1. Trading in CSF Contracts shall take place through KATS.	14.2. TRADING: 14.2.1. Trading in CSF Contracts shall take place through <u>the Trading System</u> KATS .	-do-

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>14.2.8. There shall be one standardized 90 days CSF Contract which shall be issued each month on the first trading day following last Friday of each month for each eligible security. However, the Exchange shall also have discretionary powers to introduce a contract of 30 and/or 7 days. The 30 and 90 days contracts shall expire on the last Friday of the respective month of the Contract whereas the 7 days contracts shall start on each Monday or first trading day of the week and shall expire on each Friday (or last working day of the week). No overlapping period is allowed in the CSF Contracts.</p> <p>The CSF Contracts shall be identified by the trading symbols of the underlying eligible Securities under the respective CSF Contracts and such trading symbols shall be decided by the Exchange.</p> <p>14.2.9. The expiration date/last trading day shall be the last Friday of the respective calendar month in which the 30 or 90 days CSF Contract shall expire and/or each Friday of the week in case of 7 days Contract. If the relevant Friday is a trading holiday, then the respective CSF Contract shall expire on the preceding trading day.</p>	<p>14.2.8. There shall be one standardized 90 days CSF Contract which shall be issued each month on the first trading day following last Friday of each month for each eligible security. However, the Exchange shall also have discretionary powers to introduce a contract of 30 and/or 7 days. The 30 and 90 days contracts shall expire on the last Friday of the respective month of the Contract whereas the 7 days contracts shall start on each Monday or first trading day of the week and shall expire on each Friday (or last working day of the week). No overlapping period is allowed in the CSF Contracts.</p> <p>No Change</p> <p>14.2.9. The expiration date/last trading day shall be the last Friday of the respective calendar month in which the 30 or 90 days CSF Contract shall expire and/or each Friday of the week in case of 7 days Contract. If the relevant Friday is a trading holiday, then the respective CSF Contract shall expire on the preceding trading day.</p>	<p>PSX proposes that only 90-day CSF Contract may be introduced in line with the proposed maturity of DFC Contract whereas CSF Contracts of other maturities [7 and 30 days] may be removed.</p>
<p>14.2.10. In a 90 days CSF Contract, the CSF Contract Multiplier will be adjusted for corporate actions like bonus issue or right issue in the underlying Security. The adjustment will take effect from the day on which trading in Ready Delivery Contract Market commences on ex-entitlement basis. For example; when the CSF Contract Multiplier is 500 and there is a 1-for-2 bonus issue (i.e. for every 2 existing Securities, the holder gets one additional Security), the CSF Contract Multiplier will be adjusted to 750 (500 x 3/2). When the Contract Multiplier is adjusted, the price of each Security in the Contract will correspondingly be adjusted by the Exchange. In the above example, in case of</p>	<p>No Change</p>	<p>30 and 7-day contract maturities are available in PSX Regulations but not offered in existing and new trading engine.</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>bonus issue, the price of each Security in the Contract will be adjusted to $\frac{2}{3}$ of its Closing Price of the trading day which is just preceding to the day on which trading in Ready Delivery Contract Market commences on ex-entitlement basis. For instance, if the price was Rs 150 it would be Rs 100 ($150 \times \frac{2}{3}$). Similarly, when there is a 1-for-2 right issue, the CSF Contract Multiplier will be adjusted to 750 ($500 \times \frac{3}{2}$) on the ex-right date. When the CSF Contract Multiplier is adjusted, the CSF Contract price ruling on the ex-right date will correspondingly be increased by the exercise price per Security multiplied by 250. The adjusted price per Security of the CSF Contract would increase, decrease or remain same, depending upon whether the right Securities have been offered at a premium, discount or par respectively, to its Closing Price of the trading day which is just preceding to the day on which trading in Ready Delivery Contract Market commences on ex-right basis. The adjustment of CSF Contract Multiplier shall be applicable only to the CSF Contracts that are trading as of the corporate action date. When the next new Contract is traded its CSF Contract Multiplier shall be reinstated to the original lot size determined by the Managing Director of the Exchange. (No mark to market differences by virtue of such adjustments shall be payable or receivable on the ex-entitlement date).</p> <p>Provided that in case of 30 days CSF Contracts, in the event of declaration of bonus and/or right and/or cash dividend after commencement of Contract pertaining to a Security being traded in the CSF 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 trading and the settlement date of that particular Security's Contract before the book closure date.</p>	<p>Provided that in case of 30 days CSF Contracts, in the event of declaration of bonus and/or right and/or cash dividend after commencement of Contract pertaining to a Security being traded in the CSF 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 trading and the settlement date of that particular Security's Contract before the book closure date.</p>	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE				
<p>Provided further that in 30 and/or 7 days CSF Contracts where an Issuer announces book closure for any one or more of the above mentioned entitlements before opening of the respective Contract and its book closure falls within the Contract Period, the corresponding 30 and/or 7 days Contracts shall be opened on the first trading day of that month/week on an entitlement basis.</p> <p>14.2.11. In case where the cash dividend is declared in respect of a Security, no adjustment would be made by the Exchange in the 90 days CSF Contracts.</p> <p><u>NEW INSERTION</u></p> <p>Annexure A</p> <p>CONTRACT SPECIFICATION FOR CASH-SETTLED STOCK FUTURES CONTRACT</p> <table><tr><td>Period of Contract</td><td>90, 30 or 7 days</td></tr></table>	Period of Contract	90, 30 or 7 days	<p>Provided further that in 30 and/or 7 days CSF Contracts where an Issuer announces book closure for any one or more of the above mentioned entitlements before opening of the respective Contract and its book closure falls within the Contract Period, the corresponding 30 and/or 7 days Contracts shall be opened on the first trading day of that month/week on an entitlement basis.</p> <p>14.2.11. In case where the cash dividend is declared in respect of a Security, no adjustment would be made by the Exchange in the 90 days CSF Contracts.</p> <p><u>14.4. SUSPENSION OR DISCONTINUATION OF CASH-SETTLED FUTURES CONTRACT MARKET:</u></p> <p><u>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.</u></p> <p><u>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.</u></p> <p>Annexure A</p> <p>CONTRACT SPECIFICATION FOR CASH-SETTLED STOCK FUTURES CONTRACT</p> <table><tr><td>Period of Contract</td><td>90, 30 or 7 days</td></tr></table>	Period of Contract	90, 30 or 7 days	<p>This power is already proposed for the approval of SECP vide letter dated November 03, 2020 after obtaining approval of RAC and Board-PSX.</p>
Period of Contract	90, 30 or 7 days					
Period of Contract	90, 30 or 7 days					
Chapter 15: INDEX OPTION CONTRACTS MARKET REGULATIONS						
<p>15.1. DEFINITIONS:</p> <p>In this chapter, unless the subject or context otherwise requires:</p>	<p>15.1. DEFINITIONS:</p> <p>In this chapter, unless the subject or context otherwise requires:</p>					

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>(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;</p> <p>(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;</p>	<p>(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;</p> <p>No Change</p>	<p>SZSE’s rule of Daily Settlement Price is proposed to be adopted.</p> <p>Trading in options is done on the basis of value of contract (premium) and not on the basis of prices of underlying securities. The calculation methodology for daily settlement price is specified in clause 15.3.4 below.</p>
<p>15.2. TRADING:</p> <p>15.2.1. Trading in Option Contracts shall take place only through KATS.</p>	<p>15.2. TRADING:</p> <p>15.2.1. Trading in Option Contracts shall take place only through <u>the Trading System</u> KATS.</p>	<p>The term ‘KATS’ and ‘BATS’ are proposed to be replaced with ‘trading System’ in Chapter 2.</p>
<p>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.</p> <p><u>NEW INSERTION</u></p>	<p>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.</p> <p><u>EXPLANATION: Daily Settlement Price for the purpose of this Chapter shall be determined in the following manner:</u></p> <p><u>(i) ON LAST TRADING DAY:</u></p> <p><u>The settlement price shall be as defined in clause 15.1 (j).</u></p> <p><u>(ii) ON OTHER TRADING DAYS:</u></p> <p><u>The settlement price shall be the closing price generated in the closing auction.</u></p> <p><u>If the settlement price is not greater than intrinsic value, it is invalid.</u></p> <p><u>If the implied volatility computed through Black – Scholes Model is greater than “X”</u></p>	<p>SZSE’s rule of Daily Settlement Price is proposed to be adopted.</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
	<p><u>times of historical volatility of the underlying index, the settlement price is invalid</u></p> <p><u>Tip: X is the constant factor and it could be different each index and is kept configurable for each underlying asset.</u></p> <p><u>If no such closing price is available, settlement price shall be calculated based on the last trade prices (LP), the best bids (BP) or the best asks (SP) in the last minutes of continuous auction.</u></p> <p><u>If BP >= LP, the settlement price equals BP.</u> <u>If LP <= SP, the settlement price equals SP.</u> <u>If SP > LP > BP, the settlement price equals LP.</u> <u>If LP is not available, but BP and SP is available, the settlement price = (BP + SP) / 2.</u></p> <p><u>If the settlement price is not greater than intrinsic value, it is invalid.</u></p> <p><u>If the implied volatility computed through Black – Scholes Model is greater than “X” times of historical volatility of the underlying index, the settlement price is invalid.</u></p> <p><u>Tip: “X” is the constant factor and it could be different each index and is kept configurable for each underlying asset.</u></p> <p><u>(III) If no such market prices are available, settlement price shall be calculated based on Black-Sholes Model.</u></p> <p><u>Note:</u> <u>Settlement price can be adjusted if the settlement price so determined is smaller than the intrinsic value, greater than the upper boundary, smaller than the lower boundary.</u></p> <p><u>According to option pricing theory, the settlement price of an option contract needs to meet the two principles of increasing intrinsic value and increasing time value. That is, in the contract with the same expiration month, the contract with a high value has a settlement price greater than or equal to the</u></p>	

EXISTING REGULATIONS		PROPOSED REGULATIONS		RATIONALE
		<u>contract with a low value; among the contracts with the same execution price, the contract with the later expiration month has a settlement price greater than or equal to Contracts that are near term.</u>		
Annexure-A CONTRACT SPECIFICATION FOR INDEX OPTION CONTRACTS		Annexure-A CONTRACT SPECIFICATION FOR INDEX OPTION CONTRACTS		<p>The index multiplier shall determine the amount of exposure taken by the index option trader. Some index levels are large and require low multiplier to keep exposure level within desired range.</p> <p>Further, this is purely an operational matter and shall be based on the underlying index, volatility, investor interests, market maker system etc. Hence, amendments are proposed to add flexibility.</p> <p>These levels will be specified when the contracts are launched for the first time and may be revised with due market notification.</p> <p>The exercise interval is used to create required in-the-money, out-of-the-money and at-the-money contracts. A single constant cannot be applied to all indices and one index over life. These depend upon index levels,</p>
Contract/Index Multiplier	Rs.5.00 per index point or any other amount as may be determined by the Exchange from time to time with the prior approval of the Commission.	Contract/Index Multiplier	Rs.5.00 per index point or any other amount as may be determined <u>notified</u> by the Exchange from time to time with the prior approval of the Commission.	
Exercise Price Interval	50 Index Points (3-1-3) (3 OTM, 1 ATM, 3 ITM)	Exercise Price Interval	50 Index Points (3-1-3) (3 OTM, 1 ATM, 3 ITM) <u>Each Index's respective Exercise Price Interval points shall be notified by the Exchange from time to time based on the underlying index levels, volatility and the desired moneyness required.</u>	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
		volatility and investors' demand. These levels will be specified when the contracts are launched for the first time and may be revised with due market notification.
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: (i) "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;	16.1. DEFINITIONS: In this chapter, the following expressions shall, unless the context requires otherwise, have the meanings herein specified below: (i) "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. <u>The INAV may not be a fair representation of value of the basket especially during the time of ETF rebalancing;</u>	
16.3. TRADING, CLEARING AND SETTLEMENT OF ETF UNITS: 16.3.2. The ETF units listed under these Regulations shall be traded in the Ready Delivery Contract Market through KATS and buyers and sellers may trade in ETF units through Brokers of the Exchange in such lot size in the manner as prescribed by the Exchange from time to time.	16.3. TRADING, CLEARING AND SETTLEMENT OF ETF UNITS: 16.3.2. The ETF units listed under these Regulations shall be traded in the Ready Delivery Contract Market through <u>the Trading System</u> KATS and buyers and sellers may trade in ETF units through Brokers of the Exchange in such lot size in the manner as prescribed by the Exchange from time to time.	The new Trading System does not support real time INAV underlying updates and neither a separate module is provided for this. The term 'KATS' and 'BATS' are proposed to be replaced with 'trading System' in Chapter 2.
CHAPTER 17: STOCK INDEX FUTURES CONTRACT MARKET REGULATIONS		
17.1. DEFINITIONS: (d) "Daily Settlement Value" shall mean, Volume Weighted Average value of last half hour of trading in the relevant Stock/Sector Index Futures Contract for cash settlement, multiplied by the contract	17.1. DEFINITIONS: (d) "Daily Settlement Value" shall mean, Volume Weighted Average value of last half hour of trading in the relevant Stock/Sector Index Futures Contract for cash settlement, multiplied	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
multiplier and expressed in Pakistani Rupees;	by the contract multiplier and expressed in Pakistani Rupees; <u>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.</u>	
<p>17.2. TRADING:</p> <p>17.2.1. Trading in SIFC Market shall take place only through KATS.</p> <p>17.2.9. In case 25% of average number of SIF Contracts executed during last three months trade beyond the limit of five percent from the previous Trading Day's closing price of the contract, the Exchange shall announce a market halt in Stock Index Futures Market for at least 30 minutes or till the time all outstanding losses are collected by NCCPL, whichever comes earlier. In case of default in payment of such losses, default proceedings shall be initiated against the defaulting Securities Broker.</p> <p>17.2.10. Circuit Breaker shall also be applicable in Stock Index Futures Market 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.</p>	<p>17.2. TRADING:</p> <p>17.2.1. Trading in SIFC Market shall take place only through <u>the Trading System KATS.</u></p> <p>17.2.9. In case 25% of average number of SIF Contracts executed during last three months trade beyond the limit of five percent from the previous Trading Day's closing price of the contract, the Exchange shall announce a market halt in Stock Index Futures Market for at least 30 minutes or till the time all outstanding losses are collected by NCCPL, whichever comes earlier. In case of default in payment of such losses, default proceedings shall be initiated against the defaulting Securities Broker.</p> <p>17.2.10. Circuit Breaker shall also be applicable in Stock Index Futures Market 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.</p>	<p>The existing market halt mechanism is sufficient to cater to SIFC also. The prevailing mechanism applied on all equity and equity based derivatives also covers SIF Contracts.</p> <p>For consolidation purpose, circuit breaker for SIFC is proposed to be shifted to Chapter 19 as all applicable circuit breakers for different markets are mentioned there.</p>
<p>17.4. GENERAL:</p> <p>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.</p>	<p>17.4. GENERAL:</p> <p>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.</p>	<p>Fair Value or Theoretical Price is computed in case there is no trading and shall be disclosed as 'Closing Price'.</p>
CHAPTER 19: RISK MANAGEMENT REGULATIONS		

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>19.1. METHODOLOGIES:</p> <p><u>New Insertion</u></p>	<p>19.1. METHODOLOGIES:</p> <p><u>19.1.1 The Closing Price of an Equity Security eligible for trading under respective Market shall be determined through a Call Auction methodology during Pre-Close Session of such time as notified by the Exchange.</u></p> <p><u>Explanation:</u></p> <p>(i) <u>Call-Auction for the purpose of this clause shall mean the process of one-time centralized matching of buy and sell orders accepted during a specified period of time. All the trades in a Call Auction shall be executed at a single execution price.</u></p> <p><u>The execution price in a Call Auction shall be determined based on the following principles:</u></p> <p>(a) <u>The price that generates the greatest trading volume;</u></p> <p>(b) <u>The price which allows all the buy orders with a higher bid price at the price and all the sell orders with a lower offer price to be executed.</u></p> <p>(c) <u>The price which allows at least all the buy orders at the price or all the sell orders at the price to be executed.</u></p> <p><u>In case that there is more than one such price, the price that minimizes the difference between the total volume of buy orders with a higher or equal price and the total volume of sell orders with a lower or equal price shall be taken as the price. In case there is still more than one such price, during the opening call auction, the price that is closest to the previous closing price shall be taken as the price, and during other call auctions, the price that is closest to the last traded price shall be taken as the price.</u></p> <p>(ii) <u>Pre-Close Session for the purpose of this clause shall mean a session used to</u></p>	<p>PSX is adopting international best practice and also that of SZSE relating to having in place a 'Call Auction Session' (pre-close session for determination of closing price). As per this, in case if no closing price is generated therefrom, the trading volume-weighted average price of all the trades of such security during the specified time shall be taken as the closing price.</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>(a) The Closing Price of a Security eligible for trading under respective Market is determined as per following methodology:</p> <p>(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.</p> <p>(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.</p> <p>(iii) If cumulative volume is less than the threshold or there is no volume in the Security during the whole trading day, then Closing Price shall be the VWA of executed trades and either all bids or all offers entered in KATS during the whole trading day. Such VWA price must be better than the previous day’s Closing Price, provided that:</p> <p>i. Cumulative volume of either all bids or all offers entered at order level and executed trades are equal to or greater than the threshold.</p> <p>ii. Such bids or offers are entered in KATS at least two hours before the market close and remained unchanged during such period.</p> <p>iii. Such bids or offers are available for trade at the time of closure of the market.</p> <p>Explanation: The term “better”, for the purposes of this clause, means the following;</p>	<p><u>determine the closing price of a security based on call auction methodology.</u></p> <p><u>19.1.2 In case no Closing Price is determined under clause 19.1.1, then</u> the Closing Price of a Security eligible for trading under respective Market is <u>shall be</u> determined as per following methodology:</p> <p>No Change</p> <p>No Change</p> <p>(iii) If cumulative volume is less than the threshold or there is no volume in the Security during the whole trading day, then Closing Price shall be the VWA of executed trades and either all bids or all offers entered in <u>the Trading System</u> KATS during the whole trading day. Such VWA price must be better than the previous day’s Closing Price, provided that:</p> <p>i. Cumulative volume of either all bids or all offers entered at order level and executed trades are equal to or greater than the threshold.</p> <p>ii. Such bids or offers are entered in <u>the Trading System</u> KATS at least two hours before the market close and remained unchanged during such period.</p> <p>iii. Such bids or offers are available for trade at the time of closure of the market.</p> <p>No Change</p>	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>i. if VWA price of all bids and executed trades is greater than the previous day's Closing Price, the VWA of all bids and executed trades; otherwise</p> <p>ii. if VWA price of all offers and executed trades is less than the previous day's Closing Price, the VWA of all offers and executed trades; otherwise</p> <p>iii. where both (i) and (ii) above do not apply, then the previous day's Closing Price shall be applicable.</p> <p>(iv) In case, bid or offer price does not meet the above criteria; the Closing Price of the Security shall remain unchanged from the previous day's Closing Price.</p> <p>(v) 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.</p> <p>Provided that in case no trade takes place during the whole trading day in the Deliverable Futures Contract Market or 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.</p>	<p>No Change</p> <p>(v) 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.</p> <p>19.1.3. Provided that if In case no trade takes place during the whole trading day in the Deliverable Futures Contract Market, or 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.</p>	<p>Cross Trade is a defined term in Chapter 2 of these Regulations.</p>
<p>(b) The Theoretical Price for a Security tradable under Deliverable Futures Contract and/or 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:</p> <p>(i) The Closing Price of underlying Security in the Ready Delivery Contract market x $\{1 + (\text{One Month KIBOR} + 4\%) / 365 \times \text{DTM}\}$;</p> <p>(ii) In case of ex-entitlement Contracts, the Theoretical Price will be adjusted based on ex-price adjustment formulas determined by the Exchange.</p>	<p>(a) The Theoretical Price for a Security tradable under Deliverable Futures Contract and/or 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:</p> <p>No Change</p>	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
Whereas DTM stands for Date to Maturity which will be equivalent to days difference in the Settlement Dates of the Ready Delivery Contract market and Deliverable Futures Contract or Cash-Settled Futures Contract on any trading date, on which such DTM is being determined.		
<u>New Insertion</u>	<p><u>(b) 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:</u></p> <p><u>= Underlying index $[1 + r(x/365)] - d$</u></p> <p><u>Where r = rate of interest, x = number of days to maturity and d = dividends.</u></p>	If there is no trading in SIFC Market in a particular Security, the Closing Price of that Security for such market will be the Theoretical Price, the calculation of which is different than Theoretical Price of DFC and CSFC Markets.
<u>New Insertion</u>	<p><u>19.1.4. The Closing Price of a Debt Security eligible for trading under respective Market shall be determined as per following methodology:</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(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 calculated as average Closing Price of last seven (7) trading days.</u></p>	To bifurcate closing price determination methodology of Equity and Debt Securities, the existing practice of closing price determination is proposed to be incorporated in this clause with a change in sub-clause (iii); relating to replacement of the “last 30 trading days” with “last 7 trading days”.

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE									
	<p><u>(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.</u></p> <p><u>Explanation: The trades for the purpose of this clause means all trades executed in an auction trading, negotiated deals, RFQ trading and continuous trading.</u></p> <p><u>Threshold (Y) is set as follows:</u></p> <table border="1"> <thead> <tr> <th><u>Issue Size From</u></th><th><u>Issue Size To</u></th><th><u>Value of Y (PKR)</u></th></tr> </thead> <tbody> <tr> <td><u>0</u></td><td><u>1,000,000,000</u></td><td><u>15 million</u></td></tr> <tr> <td><u>1,000,000,001</u></td><td><u>999,999,999,999</u></td><td><u>25 million</u></td></tr> </tbody> </table> <p><u>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.</u></p>	<u>Issue Size From</u>	<u>Issue Size To</u>	<u>Value of Y (PKR)</u>	<u>0</u>	<u>1,000,000,000</u>	<u>15 million</u>	<u>1,000,000,001</u>	<u>999,999,999,999</u>	<u>25 million</u>	
<u>Issue Size From</u>	<u>Issue Size To</u>	<u>Value of Y (PKR)</u>									
<u>0</u>	<u>1,000,000,000</u>	<u>15 million</u>									
<u>1,000,000,001</u>	<u>999,999,999,999</u>	<u>25 million</u>									
NEW INSERTION	<p><u>19.1.5. 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.</u></p>										
<p>19.3. SCRIp-BASED CIRCUIT BREAKER:</p> <p>(a) The Exchange shall apply Security-wise circuit breaker for each Market separately (except Stock Index Futures Market, Index Option Market and Odd Lots 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.</p>	<p>19.3. SCRIp-BASED CIRCUIT BREAKER:</p> <p>(a) The Exchange shall apply Security-wise circuit breaker for each Market separately (except Stock Index Futures Market, Index Option Market and Odd Lots 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.</p>	<p>Moreover, with respect to Index Option Market of PSX, other markets, including SZSE, have Circuit Breakers and it is proposed to place price band limits in PSX Regulations for such market.</p>									
<p>(c) In case of Stock Index Futures Market, the related circuit breakers shall be applicable in accordance with Regulation 17.2.10.,</p>	<p>(c) In case of Stock Index Futures Market, the related circuit breakers shall be applicable <u>in case of movement of 7.5%, above or below</u></p>	<p>Circuit Breaker for SIFC are proposed to be shifted here</p>									

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
whereas no circuit breakers shall be applicable on the Index Options Market.	<u>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.</u> in accordance with Regulation 17.2.10, whereas no circuit breakers shall be applicable on the Index Options Market.	from clause 17.2.10 as circuit breakers for different markets are consolidated here.
<u>New Insertion</u>	<u>(d) In case of Index Options Market, circuit breakers shall be applicable in following manner:</u> <u>(i) high limit price = the previous closing price of the contract + up range</u> <u>(ii) low limit price = the previous closing price of the contract - down range</u> <u>CALL OPTION:</u> <u>Up Range =</u> <u>Max [Pre-Closing Price × A%],</u> <u>Min [{(B × Pre-Closing Price - Exercise Price), Pre-Closing Price} × C%]</u> <u>Down Range =</u> <u>Pre-Closing Price × C%</u> <u>PUT OPTION:</u> <u>Up Range =</u> <u>Max [Exercise Price × D%],</u> <u>Min [{(E × Exercise Price - pre-closing price), pre-closing price} × F%]</u> <u>Down Range =</u> <u>pre-closing price × F%</u> <u>Pre-closing price: the previous closing price of underlying Instrument/Security</u> <u>For Options, A, B, C, D, E and F are constants and are kept configurable for each underlying index.</u>	Other markets, including SZSE, have Circuit Breakers and it is proposed to place price band limits in PSX Regulations.

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>(d) In case of Odd Lots Market, the circuit breaker of Rs. 2 or 10% of Closing Price of the Ready Delivery Contract Market shall be applicable.</p> <p>(e) Trading will be allowed up to the upper and lower limits as set by the circuit breakers.</p> <p>(f) No trade in the respective Security will be allowed beyond the above price fluctuation.</p>	No Change	
Chapter 20: DISCIPLINARY ACTIONS AGAINST TRE CERTIFICATE HOLDERS REGULATIONS		
<p>20.3.3 In the event of any apparent violation/non-compliance of any of PSX Regulations, the CRO or authorized officer of RAD may, after 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, subject to its action being confirmed by the RAC in its emergent meeting/through resolution by circulation within three working days commencing from the next day of switching-off of the trading terminals. The RAC may or may not ratify such action of the CRO or any authorized officer of RAD and such switching-off of trading terminals shall not continue for more than seven (7) trading days. However, in appropriate cases, the RAC may hear the concerned TRE Certificate Holder itself or for this purpose constitute any committee.</p>	<p>20.3.3 In the event of any apparent violation/non-compliance of any of PSX Regulations, the CRO or authorized officer of RAD may, after 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, subject to its action being confirmed by the RAC in its emergent meeting/through resolution by circulation within three working days commencing from the next day of switching-off of the Trading Terminals. The RAC may or may not ratify such action of the CRO or any authorized officer of RAD and such switching-off of Trading Terminals shall not continue for more than seven (7) trading days. However, in appropriate cases, the RAC may hear the concerned TRE Certificate Holder itself or for this purpose constitute any committee.</p>	Trading Terminal has been defined in Chapter 2.
<p>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.</p>	<p>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.</p>	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
20.5.2. GENERAL DISCIPLINARY ACTIONS: (g) Suspend any or all trading terminals.	20.5.2. GENERAL DISCIPLINARY ACTIONS: (g) Suspend any or all † Trading † Terminals.	
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.	20.8.3. 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.	
20.12. DISCIPLINARY ACTIONS IN RESPECT OF PROPRIETARY TRADING ACTIVITIES: (b) Suspend the trading terminals for a period determined by the Board from time to time.	20.12. DISCIPLINARY ACTIONS IN RESPECT OF PROPRIETARY TRADING ACTIVITIES: (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 8A and Chapter 8B, 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.	20.13. DISCIPLINARY ACTIONS IN RESPECT OF TRADING SYSTEM ACTIVITIES: The CRO shall, in the event of non-compliance of any provision of Chapter 8 A and Chapter 8B <u>of these Regulations</u> , 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.	
20.20. DISCIPLINARY POWERS OF THE BOARD:	20.20. DISCIPLINARY POWERS OF THE BOARD:	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>(b) Suspend, withdraw or revoke the right of the TRE Certificate Holder's access to the Trading System(s) on such terms and for such period as the Board may deem fit;</p>	<p>(b) Suspend, withdraw or revoke the right of the TRE Certificate Holder's access to the Trading System(s) on such terms and for such period as the Board may deem fit;</p>	
Chapter 21: DEFAULT MANAGEMENT IN RESPECT OF TRE CERTIFICATE HOLDERS/ BROKERS REGULATIONS		
<p>21.2. SUSPENSION ON ACCOUNT OF SETTLEMENT FAILURE OR FAILURE TO PAY OTHER AMOUNTS:</p> <p>21.2.2. In case a Securities Broker is suspended by NCCPL as its Clearing Member in accordance with NCCPL Regulations and:</p> <p>(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 System 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 System 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.</p>	<p>21.2. SUSPENSION ON ACCOUNT OF SETTLEMENT FAILURE OR FAILURE TO PAY OTHER AMOUNTS:</p> <p>21.2.2. In case a Securities Broker is suspended by NCCPL as its Clearing Member in accordance with NCCPL Regulations and:</p> <p>(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 System †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 System †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.</p>	
Chapter 22: BROKERS' OFFICE/BRANCH OFFICE REGULATIONS		
<p>22.1. DEFINITIONS:</p> <p>In this chapter, unless there is anything repugnant in the subject or context:</p> <p>(c) "Broker's Telephone Booth(s)" shall mean the space within the Trading Hall of the</p>	<p>22.1. DEFINITIONS:</p> <p>In this chapter, unless there is anything repugnant in the subject or context:</p> <p>(c) "Broker's Telephone Booth(s)" shall mean the space within the Trading Hall of the Exchange</p>	

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
<p>Exchange where additional Trading Systems 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.</p> <p>(g) "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.</p> <p>Provided that the operation of Trading Systems 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.</p>	<p>where additional Trading Systems †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.</p> <p>(g) "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.</p> <p>Provided that the operation of Trading Systems †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.</p>	
<p>22.3. PROCEDURE FOR OPENING OF OFFICE/BRANCH OFFICE:</p> <p>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:</p> <p>(i) the Broker shall submit details of the number of trading workstations connected through KATS, KITS, IBTS, Fix Gateway etc. including IP addresses of each such terminal installed at the new branch, within one month from the date of opening of branch.</p>	<p>22.3. PROCEDURE FOR OPENING OF OFFICE/BRANCH OFFICE:</p> <p>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:</p> <p>(i) the Broker shall submit details of the number of <u>all †Trading workstations Terminals (online or otherwise)</u> connected through the PSX Trading System KATS, KITS, IBTS, Fix Gateway etc. including IP addresses of each such terminal installed at the new branch, within one month from the date of opening of branch.</p>	<p>Trading Terminal has been defined in Chapter 2. Further, the text has been simplified.</p>
<p>22.6.8. OTHER OBLIGATIONS:</p> <p>(d) The location where online trading terminals through IBTS, KiTS or any other online trading service platform(s) are provided to the individuals for trading on behalf of other individuals/clients shall be</p>	<p>22.6.8. OTHER OBLIGATIONS:</p> <p>(d) The location where online †Trading Terminals through IBTS, KiTS or any other online trading service platform(s) are provided to the individuals for trading on behalf of other individuals/clients shall be considered as</p>	<p>Same as above.</p>

EXISTING REGULATIONS	PROPOSED REGULATIONS	RATIONALE
considered as Office(s) or Branch Office(s) of the Broker and subject to all requirements of this Chapter.	Office(s) or Branch Office(s) of the Broker and subject to all requirements of this Chapter.	
Chapter 23: SYSTEM AUDIT [REGULATORY COMPLIANCE] REGULATIONS		
<p style="text-align: center;">Schedule-A SCOPE OF AUDIT</p> <p>1.10 Check that the Securities Broker has maintained order register/Trading Systems generated daily activity log and order log maintained by telephone recording, in compliance with the relevant rules and regulations.</p>	<p style="text-align: center;">Schedule-A SCOPE OF AUDIT</p> <p>1.10 Check that the Securities Broker has maintained order register/Trading Systems generated daily activity log and order log maintained by telephone recording, in compliance with the relevant rules and regulations.</p>	

****End of Proposed Amendments****

“EXHIBIT A”

GUIDELINES FOR SUBMISSION OF COMMENTS

1. PSX invites the interested parties to provide their comments and views with specific reference to the subject matter of the proposed amendments to PSX Regulations notified in this Notice.
2. At the time of submission of comments, respondent is advised to provide the information, as per **Table-A** below, so that PSX may contact him/her for clarification or deliberation on the comments, if needed. Anonymous responses may be disregarded by PSX.

Table-A

TO BE FILED BY THE RESPONDENT	
Name of respondent	
Name of company (if applicable)	
Designation (if applicable)	
Contact Number	
Email Address	

3. The respondent may request confidential treatment for his/ her identity and all or any part of comments due to their proprietary, confidential or commercial nature, by clearly marking the information in **Table-B** below:

Table-B

DISCLOSURE OF IDENTITY AND COMMENTS
Please check the box(es) if you wish to be remain confidential:
<input type="checkbox"/> I wish to have my identity remain confidential.
<input type="checkbox"/> I wish to keep all or any part of my comments confidential.

If respondent wishes to keep any part(s) of comments confidential, then he/she is required to clearly specify such part(s) of comments.

4. To ensure quality and promote transparency, PSX will publish the relevant comments of respondents and its management's response thereon in the form of a **Response Paper** on its websites, within a reasonable timeframe, after close of public consultation session, unless the respondent has made a confidentiality request.
5. Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, respondents should note that notwithstanding any confidentiality request, PSX will share all their response(s) with the Securities and Exchange Commission of Pakistan (Apex Regulator).
6. By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to PSX, unless respondents wish to have their identity or comments remain confidential.