

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

NOTIFICATION

Islamabad, the 17th December, 2015

S.R.O. 1246(I)/2015.- In exercise of its powers under Section 23 of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, (Act No. XV of 2012) the Securities and Exchange Commission of Pakistan hereby makes the following amendments to the Stock Exchanges (Corporatisation, Demutualization and Integration) Regulations, 2012:-

In the aforesaid Regulations, the following shall be inserted as Preamble before Regulation 1:

“Whereas it is expedient and necessary to provide for matters related to demutualization and integration of the stock exchanges pursuant to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 and further measures for transitional matters arising from the integration of the stock exchanges under the said Act and for other matters connected therewith or ancillary thereto;”

In the aforesaid Regulations, the following shall be inserted as heading before Regulation 1:

“Part I

PRELIMINARY”

In the aforesaid Regulations, sub-clause 2 of Regulation 2 shall be amended to read as follows:

“(2) Words and expressions not defined herein shall have the same meaning as ascribed thereto in the Act, the Securities and Exchange Ordinance, 1969, the Securities Act, 2015, the Companies Ordinance, 1984 and the Central Depositories Act, 1997 or any rules and regulations made thereunder.”

In the aforesaid Regulations, the following shall be inserted as heading before Regulation 3:

“PART II

DEMUTUALIZATION”

In the aforesaid Regulations, the following shall be inserted as heading before Regulation 11:

“PART III

INTEGRATION”

In the aforesaid Regulations, the following new Parts shall be inserted after Regulation 12:

“PART IV

INVESTORS’ PROTECTION FUND TRUSTS

13. Application and interpretation.- (1) This Part shall be applicable to all investors’ protection fund trusts established and maintained by the transferor stock exchanges and the successor stock exchange.

Explanation: The investors’ protection fund trusts have been established by each transferor stock exchange and successor stock exchange for the protection of customers who are entitled to make claims against such TRE certificate holders / members who are declared as defaulters or who have been expelled or whose TRE Certificate / membership has been cancelled/forfeited as per regulations of the transferor stock exchanges or the successor stock exchange as the case may be.

This Part provides for transitional provisions under which the investors’ protection fund trusts of the transferor stock exchanges and the successor stock exchange shall be maintained in order to protect the interests of the claimants and future claimants till such time that regulations and rules for the customer protection compensation fund under section 169(2)(h) and 175(2)(c) of the Securities Act, 2015 are made effective or as may otherwise be determined by the Commission.

From the date of approval of the scheme(s) of integration under section 18 of the Act and regulation 12 hereof, the transferor stock exchanges shall cease to be stock exchanges and the successor stock exchange shall be required to establish and/or maintain customer protection compensation fund in accordance with the provisions of the Securities Act, 2015.

(2) In this Part:-

- (a) “Funds Committee(s)” means the committee(s) for oversight of the ISE IPF Trust and the LSE IPF Trust to be appointed and constituted by the Commission under regulation 15 of these Regulations;
- (b) “Base Minimum Capital” means the collateral deposited and/or maintained by the TRE certificate holder with the stock exchange for its eligibility to trade through the stock exchange trading systems under the relevant regulations of the stock exchange;
- (c) “ex-TRE certificate holder of the transferor stock exchange” means such TRE certificate holder of a transferor stock exchange who with effect from the date of the order approving the scheme of integration has become TRE certificate holder of the successor stock exchange.
- (d) “ISE IPF Trust” means the ‘Islamabad Stock Exchange Investors’ Protection Fund’ established and maintained pursuant to the trust deed dated 14 April 2011 as may be amended from time to time;
- (e) “KSE IPF Trust” means the ‘Karachi Stock Exchange Investors’ Protection Fund’ established and maintained pursuant to the trust deed dated 20 February 2004 as may be amended from time to time;

- (f) "LSE IPF Trust" means the 'Lahore Stock Exchange Investors' Protection Fund' established and maintained pursuant to the trust deed dated 19 May 2013 as may be amended from time to time;
- (g) "Trustee" or "Trustees" means all existing and future trustee or trustees appointed or substituted from time to time under trust deeds of the trusts; and
- (h) "Trusts" means the ISE IPF Trust, LSE IPF Trust and the KSE IPF Trust.

14. Administration of Trusts in accordance with Regulations.- (1) From the date of approval of the scheme(s) of integration under section 18 of the Act and regulation 12 hereof, all Trusts shall be maintained in accordance with these Regulations till such time that regulations and rules for the customer protection compensation fund under sections 169(2)(h) and 175(2)(c) of the Securities Act, 2015 are made effective or as may otherwise be determined by the Commission.

Part IVA

TRANSITIONAL PROVISIONS APPLICABLE TO ISE IPF TRUST AND LSE IPF TRUST

15. Transitional provisions applicable to ISE IPF Trust and LSE IPF Trust.- (1) From the date of approval of the scheme(s) of integration under section 18 of the Act and regulation 12 hereof, the management of the ISE IPF Trust and LSE IPF Trust shall be vested in the Trustees to be appointed by the Funds Committee constituted by the Commission.

(2) The Commission shall appoint a Funds Committee for each transferor stock exchange comprising of three (3) independent professionals (i.e., non-TRE certificate holder), one (1) non-TRE certificate holder director of the successor stock exchange and two (2) ex-TRE certificate holders of the concerned transferor stock exchange, who shall also be ex-officio trustees of the ISE IPF Trust and LSE IPF Trust, as the case may be. The Commission may substitute any member of the Funds Committee. Each Funds Committee shall, inter alia, have the following functions and responsibilities:

- (a) Appoint, remove or substitute any Trustee(s) of the ISE IPF Trust and the LSE IPF Trust, whichever applicable subject always to the requirements of Regulation 15(3);
- (b) Constitute a default management committee and establish its terms of reference, which would include analyzing and admitting claims;
- (c) Expedite settlement of all claims and liabilities against the ISE IPF Trust and the LSE IPF Trust, whichever applicable, and diligently pursue all court cases for expeditious resolution of the same;
- (d) Appoint, remove or change any legal counsel appointed in any court case relating to the ISE IPF Trust and the LSE IPF Trust, whichever applicable;
- (e) Appoint, remove or change independent experts, where required, for matters relating to settlement of claims, liabilities, court cases etc.;
- (f) Submit quarterly progress reports to the Commission regarding all pending claims, liabilities, court cases and steps taken for

settlement of liabilities;

- (g) Accord approval and/or removal of the auditor to be appointed for the ISE IPF Trust and the LSE IPF Trust, whichever applicable, in accordance with relevant provision of the trust deed;
- (h) Appoint, constitute and supervise a funds arbitration committee pursuant to regulation 15(8) of these Regulations;
- (i) Ensure that the Trustees of ISE IPF Trust and the LSE IPF Trust, whichever applicable, comply at all times with the provisions of the Act, these Regulations, the Securities Act, 2015 and the rules and regulations made thereunder;
- (j) Ensure winding up of the ISE IPF Trust and the LSE IPF Trust, whichever applicable, after its objectives have been fulfilled in accordance with these Regulations and the trust deeds as amended from time to time;
- (k) Ensure due performance of its obligations, roles, responsibilities and duties as are assigned to it under these Regulations and the provisions of the trust deed as may be amended from time to time; and
- (l) Comply with and implement all directions issued by the Commission pursuant to these Regulations from time to time.

(3) From the date of approval of the scheme(s) of integration under section 18 of the Act and regulation 12 hereof, each Funds Committee shall appoint the five (5) new Trustees of the ISE IPF Trust and LSE IPF Trust, respectively, one of whom shall be an independent professional (i.e., non-TRE certificate holder) and remaining trustees shall be appointed from amongst the ex-TRE certificate holders of the transferor stock exchanges. All the Trustees shall meet the fit and proper criteria, determined by the Funds Committee.

(4) The Trustees shall, inter alia, have the following duties, obligations and responsibilities:

- (a) Submit quarterly reports to the Funds Committee regarding the affairs of funds of the ISE IPF Trust and LSE IPF Trust, whichever applicable, along with relevant supporting documents evidencing the investment/cash available in the ISE IPF Trust and the LSE IPF Trust, whichever applicable;
- (b) Ensure due performance of its obligations, roles, responsibilities and duties as assigned to them under the various provisions of the trust deed as may be amended from time to time; and
- (c) Ensure that the ISE IPF Trust and the LSE IPF Trust, whichever applicable, complies at all times with the provisions of the Act, these Regulations, the Securities Act, 2015 and the rules and regulations made thereunder; and
- (d) Ensure winding up of the ISE IPF Trust and the LSE IPF Trust, whichever applicable, after its objectives have been fulfilled in accordance with these Regulations and the trust deeds as amended from time to time.

(5) The Trustees shall forthwith ensure that the ISE IPF Trust and LSE IPF Trust, whichever applicable, are brought into conformity in all respects with regard to all matters connected or incidental to the Act and these Regulations and within such period as may be directed by the Funds Committee and/or the Commission, as the case may be. The Trustees shall make further amendments to the ISE IPF Trust and the LSE IPF Trust, whichever applicable, so that these comply with the applicable laws and regulatory regime.

(6) Any amendment in the trust deeds of the ISE IPF Trust and LSE IPF Trust shall require the prior written approval of the Funds Committee and the Commission.

(7) The Trustees shall transfer such amounts over and above the claims, liabilities etc. and incidental expenses as may be determined by the Funds Committee and within such time as determined by the Commission to the customer protection compensation fund established and maintained in accordance with the regulations and rules for the customer protection compensation fund under sections 169(2)(h) and 175(2)(c) of the Securities Act, 2015.

(8) Any dispute arising between an ex-TRE certificate holder of the transferor stock exchange and his customer relating to any trade or transaction related to, or business activity with the ex-TRE certificate holder under the regulations of the transferor stock exchange prior to the effective date of integration shall be referred to and determined by the funds arbitration committee appointed and constituted by the Funds Committee under these Regulations (hereinafter referred to as the “**Funds Arbitration Committee**”).

(9) The Funds Arbitration Committee shall have the mandate to carry out arbitrations in the manner prescribed under the regulations of the successor stock exchange (as amended from time to time), with the exceptions that (i) the panel of arbitrators shall comprise of independent professionals (i.e., non-TRE certificate holder); and (ii) any appeals against the decision of the arbitrators shall be filed before an appellate forum of the Commission.

(10) The Funds Arbitration Committee shall use the facilities for arbitration proceedings provided by the successor stock exchange.

(11) All enforcement action(s) in respect of the arbitration award against the ex-TRE certificate holder of the transferor stock exchange shall be carried out by the successor stock exchange in accordance with the applicable regulations of the successor stock exchange.

(12) All expenses related to the arbitration proceedings including the fees for the arbitrators shall be recovered solely from the party against whom the arbitration award is passed.

(13) The default management committee shall deal with all claims relating to cancellation/ forfeiture of TRE Certificates and/or expulsion of members, as the case may be, that have arisen consequent to the expulsion/ cancellation/ forfeiture of TRE Certificate prior to the effective date of integration. The successor stock exchange shall deal with all claims arising or received, as the case may be, consequent to the expulsion/ cancellation/ forfeiture of TRE Certificate after the effective date of integration in accordance with the applicable regulations of the successor stock

exchange.

(14) The Trustees shall allow following contributions from the ISE IPF Trust and the LSE IPF Trust towards satisfaction of claims of customers:

- (a) Contribution from ISE IPF Trust or LSE IPF Trust, as the case may be, towards settlement of claims arising due to the default, expulsion, cancellation/ forfeiture of a TRE Certificate prior to the effective date of integration, limited to the amount provided in the regulations of transferor stock exchange prior to the effective date of integration;
- (b) Contribution from ISE IPF Trust or LSE IPF Trust, as the case may be, towards settlement of claims arising due to the default, expulsion, cancellation/ forfeiture of a TRE Certificate after the effective date of integration, limited to the amount provided in the regulations of transferor stock exchange prior to the effective date of integration and only against the claims pertaining to the dealings with the respective ex-TRE certificate holder of the transferor stock exchange prior to the effective date of integration. Trustees shall on the request of successor stock exchange disburse the said contribution to the successor stock exchange for onward distribution; and
- (c) In case of default of an ex-TRE certificate holder of the transferor stock exchange, regardless of whether the default relates to trading activities at the transferor stock exchange or the successor stock exchange, the amounts to the extent of the guarantee provided under sub-regulation (15) of regulation 15, for each ex-TRE certificate holder of the transferor stock exchange to meet such ex-TRE certificate holder's Base Minimum Capital requirement shall be made available by the Trustees for satisfaction of claims. The Trustees on the request of the successor stock exchange shall disburse said amounts to the successor stock exchange for onward distribution.

Provided that the successor stock exchange shall utilize the entire Base Minimum Capital deposited or maintained by such ex-TRE certificate holder under regulations of the successor stock exchange towards settlement of such default.

(15) Subject always to sub-regulation (16) and/or any specific direction of the Commission, the Trustees shall provide bank guarantee(s) from the ISE IPF Trust and LSE IPF Trust to the successor stock exchange to meet the Base Minimum Capital requirements for the respective ex-TRE certificate holders of the transferor stock exchange(s), in such manner, till such time and up to such amount as may be specified by the Commission from time to time.

(16) On meeting all the liabilities of the ISE IPF Trust and LSE IPF Trust, whichever applicable, the Trustees thereof shall dissolve the ISE IPF Trust and the LSE IPF Trust, whichever applicable, with the approval of the Funds Committee and any surplus assets, if any, shall be transferred forthwith to the customer protection compensation fund established and maintained in accordance with the regulations and rules for the centralized customer protection compensation fund under sections 169(2)(h) and 175(2)(c) of the Securities Act, 2015.

(17) The Trustees shall comply with and implement any specific or general direction of the Funds Committee.

Part IVB

TRANSITIONAL PROVISIONS APPLICABLE TO KSE IPF TRUST

16. Transitional provisions applicable to KSE IPF Trust.- (1) The Trustees shall forthwith ensure that the KSE IPF Trust is brought into conformity in all respects with regard to all matters connected or incidental to the Act and the Regulations and within such period as may be directed by the Commission. The Trustees shall make further amendments to KSE IPF Trust so that it complies with the applicable laws and regulatory regime.

(2) Any amendment in the trust deed of the KSE IPF Trust shall require the prior written approval of the Commission.

(3) The Trustees shall comply with and implement any specific or general direction of the Commission.

(4) The Trustees of KSE IPF Trust shall further ensure that:

- (a) the trust deed of KSE IPF Trust is amended to permit the Trustees to receive further contributions to the KSE IPF Trust from any other source(s);
- (b) KSE IPF Trust is renamed to reflect the change in name of the successor stock exchange;
- (c) the KSE IPF Trust complies at all times with all applicable provisions of the Securities Act, 2015 and any rules or regulations made thereunder, especially with respect to establishment, maintenance and making compulsory provisions for a centralized customer protection compensation fund;
- (d) the trust deed of KSE IPF Trust is amended to permit transfer of funds to the centralized customer protection compensation fund established and maintained pursuant to the Securities Act, 2015 in such manner and within such time as may be specified by the Commission; and
- (e) the trust deed of KSE IPF Trust is amended to provide for dissolution of the KSE IPF Trust upon which its assets, after meeting all the liabilities, if any, shall be transferred to the customer protection compensation fund established and maintained in accordance with the regulations and rules for the centralized customer protection compensation fund under sections 169(2)(h) and 175(2)(c) of the Securities Act, 2015.

PART V

CLEARING AND SETTLEMENT PROTECTION FUND TRUSTS

17. Application and interpretation.- (1) This Part shall be applicable to all clearing and settlement protection fund trusts established and maintained by the transferor stock exchanges and the successor stock exchange.

Explanation: The clearing and settlement protection fund trusts have been established by each transferor stock exchange and the successor stock exchange for

smooth and timely settlement of all trades routed through the stock exchanges.

The stock exchanges in Pakistan are no longer performing the functions of a clearing house in terms of the Clearing Houses (Regulation and Registration) Rules, 2005, which functions are being wholly and solely being performed at the national level by the National Clearing Company of Pakistan Limited.

This Part provides for transitional provisions under which the clearing and settlement protection fund trusts shall be maintained in order to protect the interests of the claimants and future claimants till such time that regulations for the settlement guarantee fund under section 26 of the Securities Act, 2015 are made effective or as may otherwise be determined by the Commission.

From the date of approval of the scheme(s) of integration under section 18 of the Act and regulation 12 hereof, the transferor stock exchanges shall cease to be stock exchanges.

(2) In this Part:-

- (a) "Funds Committee(s)" means the committee(s) for oversight of the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust to be appointed and constituted by the Commission under regulation 19 of these Regulations;
- (b) "Base Minimum Capital" means the collateral deposited and/ or maintained by the TRE certificate holder with the stock exchange for its eligibility to trade through the stock exchange trading systems under the relevant regulations of the stock exchange;
- (c) "ex-TRE certificate holder of the transferor stock exchange" means such TRE certificate holder of a transferor stock exchange who with effect from the date of the order approving the scheme of integration has become TRE certificate holder of the successor stock exchange.
- (d) "ISE SPF Trust" means the 'Islamabad Stock Exchange Settlement Protection Fund' established and maintained pursuant to the trust deed dated 26 March 2009 as may be amended from time to time;
- (e) "KSE CHPF Trust" means the 'Karachi Stock Exchange Clearing House Protection Fund' established and maintained pursuant to the trust deed dated 20 February 2004 as may be amended from time to time;
- (f) "LSE MCF Trust" means the 'Lahore Stock Exchange Members' Contribution Fund' established and maintained pursuant to the trust deed dated 14 April 2006 as may be amended from time to time;
- (g) "LSE TCF Trust" means the 'Lahore Stock Exchange Trading Right Entitlement Certificate Holders' Contribution Fund' established and maintained pursuant to the trust deed dated 7 March 2013 as may be amended from time to time.
- (h) "Trustee" or "Trustees" means all existing and future trustee or trustees appointed or substituted from time to time under trust deeds of the trusts; and
- (h) "Trusts" means the ISE SPF Trust, KSE CHPF Trust, LSE MCF Trust and LSE TCF Trust.

18. Administration of Trusts in accordance with Regulations.- (1) From the date of approval of the scheme(s) of integration under section 18 of the Act and regulation 12 hereof, all Trusts shall be maintained in accordance with these Regulations till

such time that regulations for the settlement guarantee fund under section 26 of the Securities Act, 2015 are made effective or as may otherwise be determined by the Commission.

Part VA

TRANSITIONAL PROVISIONS APPLICABLE TO ISE SPF TRUST, LSE MCF TRUST AND LSE TCF TRUST

19. Transitional provisions applicable to ISE SPF Trust, LSE MCF Trust and LSE TCF Trust.- (1) From the date of approval of the scheme(s) of integration under section 18 of the Act and regulation 12 hereof, the management of the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust shall be vested in the Trustees to be appointed by the Funds Committee constituted by the Commission.

(2) The Commission shall appoint a Funds Committee for each transferor stock exchange comprising of three (3) independent professionals (i.e., non-TRE certificate holder), one (1) non-TRE certificate holder director of the successor stock exchange and two (2) ex-TRE certificate holders of the concerned transferor stock exchange, who shall also be ex-officio trustees of the ISE IPF Trust and LSE IPF Trust, as the case may be. The Commission may substitute any member of the Funds Committee. Each Funds Committee shall, inter alia, have the following functions and responsibilities:

- (a) Appoint, remove or change any Trustee(s) of the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable subject always to the requirements of Regulation 19(3);
- (b) Expedite settlement of all claims and liabilities against the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, and diligently pursue all court cases for expeditious resolution of the same;
- (c) Appoint, remove or change any legal counsel appointed in any court case relating to the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable;
- (d) Appoint, remove or change independent experts, where required, for matters relating to settlement of claims, liabilities, court cases etc.;
- (e) Submit quarterly progress reports to the Commission regarding all pending claims, liabilities, court cases and steps taken for settlement of liabilities;
- (f) Accord approval and/or removal of the auditor to be appointed for the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, in accordance with relevant provision of the trust deed;
- (g) Ensure that the Trustees of ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, comply at all times with the provisions of the Act, these Regulations, the Securities Act, 2015 and the rules and regulations made thereunder;
- (h) Ensure winding up of the ISE SPF Trust, LSE MCF Trust and

the LSE TCF Trust, whichever applicable, after its objectives have been fulfilled in accordance with these Regulations and the trust deeds as amended from time to time;

- (i) Ensure due performance of its obligations, roles, responsibilities and duties as are assigned to it under these Regulations and the provisions of the trust deed as may be amended from time to time; and
- (j) Comply with and implement all directions issued by the Commission pursuant to these Regulations from time to time.

(3) From the date of approval of the scheme(s) of integration under section 18 of the Act and regulation 12 hereof, each Funds Committee shall appoint the five (5) new Trustees of the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, respectively, one of whom shall be an independent professional (i.e., non-TRE certificate holder) and remaining trustees shall be appointed from amongst the ex-TRE certificate holders of the transferor stock exchange. All the Trustees shall meet the fit and proper criteria to be specified by the Funds Committee.

(4) The Trustees shall, inter alia, have the following duties, obligations and responsibilities:

- a) Submit quarterly reports to the Funds Committee regarding funds of the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, along with relevant supporting documents evidencing the investment/cash available in the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable;
- b) Ensure due performance of its obligations, roles, responsibilities and duties as assigned to them under the various provisions of the trust deed as may be amended from time to time;
- c) Ensure that the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust complies at all times with the provisions of the Act, these Regulations, the Securities Act, 2015 and the rules and regulations made thereunder; and
- d) Ensure winding up of the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, after its objectives have been fulfilled in accordance with these Regulations and the trust deeds as amended from time to time.

(5) The Trustees shall forthwith ensure that the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, are brought into conformity in all respects with regard to all matters connected or incidental to the Act and the Regulations and within such period as may be directed by the Funds Committee. The Trustees shall make further amendments to the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, so that these comply with the applicable laws and regulatory regime.

(6) Any amendment in the trust deeds of the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust shall require the prior written approval of the Funds Committee and the Commission.

(7) From the effective date of integration or as may otherwise be determined by the Commission, the Trustees of the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, shall transfer such amounts as may be determined by the Commission, to the clearing and settlement guarantee fund, by whatsoever name called, established and maintained by the National Clearing Company of Pakistan Limited as per actuarial valuation contribution, that is over and above the claims, liabilities etc. and incidental expenses determined by the Funds Committee.

(8) Subject always to sub-regulations (9) and (10) of regulation 19 and/or any specific direction of the Commission, from the funds held by the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, the Trustees thereof shall provide bank guarantee(s) in respect of following:

- (a) Bank guarantee to the clearing and settlement guarantee fund, by whatsoever name called, established and maintained by the National Clearing Company of Pakistan Limited as per actuarial valuation guarantee contribution until the transfer contemplated under sub-regulation (7) of regulation 19 has been made; and
- (b) Bank guarantee to meet the Base Minimum Capital requirements for the respective ex-TRE certificate holders of the transferor stock exchange(s) and/or for meeting the regulatory requirement of the successor stock exchange for determining maximum allowable exposure, in such manner, till such time and up to such amount as may be determined by the Commission from time to time. In case of default of an ex-TRE certificate holder of the transferor stock exchange, regardless of whether the default relates to trading activities at the transferor stock exchange or the successor stock exchange, either before or after the effective date of integration, the amounts to the extent of the guarantee provided for each ex-TRE certificate holder of the transferor stock exchange to meet such ex-TRE certificate holder's Base Minimum Capital requirement shall be made available by the Trustees for satisfaction of claims. The Trustees on the request of the successor stock exchange shall disburse said amounts to the successor stock exchange for onward distribution.

Provided that the successor stock exchange shall utilize the entire Base Minimum Capital deposited or maintained by such ex-TRE certificate holder under regulations of the successor stock exchange towards settlement of such default.

(9) Any other amounts over and above the claims, liabilities etc., incidental expenses and the actuarial valuation contribution to the clearing and settlement guarantee fund, by whatsoever name called, established and maintained by the National Clearing Company of Pakistan Limited shall be transferred by the Trustees to the customer protection compensation fund established and maintained in accordance with the regulations and rules for the customer protection compensation fund under sections 169(2)(h) and 175(2)(c) of the Securities Act, 2015 within such time as may be determined by the Commission.

(10) On meeting all the liabilities of the Trusts, the Trustees shall dissolve the ISE SPF Trust, LSE MCF Trust and the LSE TCF Trust, whichever applicable, and any surplus assets, if any, shall be transferred forthwith to the customer protection compensation fund established and maintained in accordance with the regulations and rules for the customer protection compensation fund under sections 169(2)(h) and

175(2)(c) of the Securities Act, 2015 within such time as may be determined by the Commission.

(11) The Trustees shall comply with and implement any specific or general direction of the Funds Committee.

Part VB

TRANSITIONAL PROVISIONS APPLICABLE TO KSE CHPF TRUST

20. Transitional provisions applicable to KSE CHPF Trust.- (1) The Trustees shall forthwith ensure that the KSE CHPF Trust is brought into conformity in all respects with regard to all matters connected or incidental to the Act and the Regulations and within such period as may be directed by the Commission. The Trustees shall make further amendments to KSE CHPF Trust so that it complies with the applicable laws and regulatory regime.

(2) Any amendment in the trust deed of the KSE CHPF Trust shall require the prior written approval of the Commission.

(3) The Trustees shall comply with and implement any specific or general direction of the Commission.

(4) The Trustees of KSE CHPF Trust shall further ensure that:

- (a) KSE CHPF Trust is renamed to reflect the change in name of the successor stock exchange;
- (b) the KSE CHPF Trust complies at all times with all applicable provisions of the Securities Act, 2015 and any rules or regulations made thereunder;
- (c) the trust deed of KSE CHPF Trust is amended to permit the Trustees to transfer surplus funds, from the amount of the trust that is over and above the claims, liabilities etc. and incidental expenses, to the clearing and settlement guarantee fund, by whatsoever name called, established and maintained by the National Clearing Company of Pakistan Limited as per the actuarial valuation contribution determined by the Commission;
- (d) the trust deed of KSE CHPF Trust is amended to permit the Trustees to transfer the remaining surplus funds to the customer protection compensation fund established and maintained in accordance with the regulations and rules for the customer protection compensation fund under sections 169(2)(h) and 175(2)(c) of the Securities Act, 2015 within such time as may be determined by the Commission; and
- (e) the trust deed of KSE CHPF Trust is amended to provide for dissolution of the KSE CHPF Trust upon which its assets, after meeting all the liabilities, if any, shall be transferred to the customer protection compensation fund established and maintained in accordance with the regulations and rules for the customer protection compensation fund under sections 169(2)(h) and 175(2)(c) of the Securities Act, 2015 within such time as may be determined by the Commission.

Part VI

GENERAL PROVISIONS

21. Compliance with laws,- The Trustees of the Trusts shall be bound to comply with all applicable provisions of the Act, these Regulations and the Securities Act, 2015 and the rules and regulations made thereunder.

22. Compliance with directions.- The Trustees shall implement and comply with any specific or general direction of the Funds Committee and the Commission.”

Bushra

(**Bushra Aslam**)
Secretary to the Commission