

FUTURES ELIGIBILITY CRITERIA FOR SELECTION OF SECURITIES ELIGIBLE FOR TRADING IN CASH SETTLED FUTURES CONTRACT (CSF) MARKET

Quantitative Criteria

- I. Top 200 book-entry securities by giving 50% weight to free float market capitalization and 50% weight to average daily traded value during the previous 6 months (review period). The same will be further filtered based on the following criteria.
- II. The security must have Impact Cost up to 2%.
- III. Minimum average daily turnover of not less than 0.1% of total average volume or minimum average daily value traded of not less than 0.15% of the total average value of book-entry eligible securities during the review period.

Qualitative Criteria

- IV. The subject company has reported a profit after tax in any of the last 3 financial years. This requirement will be enhanced in a phased manner as follows:

Timeline	Profit after tax in
Second year of implementation of criteria	Any of 2 financial years
Third year of implementation of criteria	Last 3 financial years

- V. The Free Float Market Capitalization is traded at least once during the review period.
- VI. Securities included in PSX Dividend 20 Index shall be added subject to the meeting of the criteria (IV, VII).
- VII. At the time of selection, the security or subject company, as appropriate, should not be subject to:
 - a. Suspension by PSX;
 - b. Placement on winding-up or non-compliant segment of PSX;
 - c. An adverse/qualified opinion/emphasis of matter paragraph on going concern in Auditors' report on the Company's most recent audited annual financial statements;
 - d. Rs. 10 million aggregate penalty imposed by the Commission in the last 3 financial years.
- VIII. All new listed securities may be eligible for inclusion after at least 3 months of listing subject to meeting other criteria.
- IX. Securities of listed asset management companies, mutual funds, brokerage houses and companies whose principal activity includes short term investment/trading in securities shall not be eligible.
- X. Securities that have been traded at least 90% of the trading days during the review period.