

**CRITERIA & PROCEDURE FOR APPOINTMENT OF INDUSTRY EXPERTS AND NOMINEES OF TRE CERTIFICATE HOLDERS ON 'PERMANENT ARBITRATION PANEL' OF PSX**

**1. INTRODUCTION:**

- 1.1 Pakistan Stock Exchange Limited ["PSX"] is required to constitute a Permanent Arbitration Panel ["Panel"] under Chapter 18 of PSX Regulations.
- 1.2 The industry experts and nominees of TRE Certificate Holders shall be appointed on the Panel as members/advisors by the Chief Regulatory Officer ["CRO"] of PSX based on the Criteria and Procedure set out below.
- 1.3 These Criteria and Procedure have been framed by PSX with the prior approval of the Securities and Exchange Commission of Pakistan ["SECP"].

**2. ELIGIBILITY CRITERIA FOR APPOINTMENT OF INDUSTRY EXPERTS AND NOMINEES OF TRE CERTIFICATE HOLDERS AS MEMBERS/ ADVISORS ON THE PANEL:**

**2.1 FIT AND PROPER CRITERIA:**

The person must be eligible in terms of clause (a), (b)(1)(i), (c) and (d), excluding clause d(viii), of the Fit and Proper Criteria prescribed under Annexure B to the Securities Brokers (Licensing and Operations) Regulations, 2016 framed by the SECP and as amended from time to time.

**2.2. INTEGRITY, HONESTY AND REPUTATION:**

- a. He has not been associated as chief executive officer, director, sponsor or senior management of a TRE Certificate Holder declared defaulter by NCCPL or PSX.
- b. The person should not be the nominee of a TRE Certificate Holder against which more than 10 investor(s) complaints or investor(s) complaint(s) having a value of one million rupees or more are pending. Further, no arbitration award has been passed against him or the TRE Certificate Holder of which he is a nominee.
- c. No investigation or inquiry conducted against the person has been concluded by PSX with material adverse findings.
- d. The person or TRE Certificate Holder of concerned nominee is not a party in litigation against PSX in respect of any criminal offence or a matter relating to non-payment of customer claims or in any other manner prejudicial to the interest of customers and general public.
- e. The person should not be an officeholder of any securities brokers association, by whatever name called.

**2.3. EXPERIENCE, COMPETENCE AND CAPABILITY:**

- a. The nominee of a TRE Certificate Holder should have management/ business experience of at least five years at senior management position in the capital market.
- b. The industry expert should have an experience of at least five years in the field of capital markets, banking, mutual fund, financial services, corporate sector, law, trade, commerce or any other field ancillary to the capital markets.
- c. Where a person possesses fifteen years of relevant experience of the capital markets, the minimum qualification requirement under clause b(1)(i) of the Securities Brokers (Licensing and Operations) Regulations, 2016 may be relaxed for such person.
- d. The industry expert should not have any association with any TRE Certificate Holder during the preceding three years as director, sponsor, substantial shareholder or senior management of the TRE Certificate Holder.
- e. The person should not have been disqualified/removed from the post of a key executive position of a company by the PSX.
- f. The person should preferably have prior experience of arbitration and dispute resolution.

- g. The person should preferably have experience as member of the Committee constituted with the approval of the PSX Board for approving verification of claims lodged against former/expelled TRE Certificate Holders.
- h. The person should have sound knowledge of rules and regulations of SECP and PSX particularly with respect to the execution and settlement of trades.

### **3. PROCEDURE FOR SELECTION AND APPOINTMENT OF MEMBERS/ ADVISORS ON THE PANEL:**

#### **3.1. FOR INDUSTRY EXPERTS:**

- a. Any official(s) of RAD, designated by the CRO shall invite in writing the nominations of persons suitable to act as arbitrators from the list of reputable professional bodies or institutions in Pakistan, attached herewith as Exhibit-A, and such other professional bodies or institutions as determined by the PSX Board of Directors, for appointment as industry experts on the Panel.
- b. Upon receipt of nominations along with brief profiles of the nominees, the designated official(s) of RAD shall compile the list and present the same before CRO for obtaining his approval of the names.
- c. The CRO may interview the nominee(s) before approving the name(s).
- d. The PSX shall inform in writing the persons whose names are approved by the CRO. Provided that no person shall be appointed on the Panel unless such person has given his consent in writing for such appointment.

#### **3.2. FOR NOMINEES OF TRE CERTIFICATE HOLDERS:**

- a. Any official(s) of RAD, designated by the CRO, shall invite names of nominees from TRE Certificate Holders who may be appointed on the Panel by the CRO as advisors. The designated official(s) of RAD shall maintain a list of all such nominees, and update the same on a periodic basis, or as and when required. Provided that a TRE Certificate Holder may only nominate its Chief Executive Officer, Director, Substantial Shareholder or Senior Management.
- b. The designated official(s) of RAD shall suggest to the CRO, the names of nominees of TRE Certificate Holders to be appointed on the Panel for consideration and approval of CRO. The names shall be suggested on the basis of relevant experience, knowledge and expertise in the field of capital market, law etc. preferably technical knowledge of securities trading and in arbitration and dispute resolution.
- c. The CRO may interview the nominee(s) before approving the name(s).
- d. The PSX shall inform in writing the nominees of TRE Certificate Holders so approved by CRO.

### **4. PANEL REVIEW:**

- a. Panel membership shall be reviewed annually by CRO.
- b. Members of the Panel shall be appointed for a period of one year. The CRO may reappoint a member on performance and need basis.
- c. Any member of the Panel who does not wish to continue as a member may offer his resignation to the CRO.
- d. The CRO may consider filling the casual vacancy from the names already presented to it for consideration or by selecting nominees of TRE Certificate Holders from the list maintained by the designated official(s) of RAD or by inviting nominations in the manner provided in section 3 above, whichever applicable.

**Exhibit - A**

<b>S.#</b>	<b>NAME OF PROFESSIONAL BODIES/ INSTITUTIONS</b>
1)	CFA Association of Pakistan (CFA)
2)	Institute of Chartered Accountants of Pakistan (ICAP)
3)	Institute of Cost and Management Accountants of Pakistan (ICMAP)
4)	Pakistan Institute of Public Finance Accountants (PIPFA)
5)	Management Association of Pakistan (MAP)
6)	Karachi Chamber of Commerce & Industry (KCCI)
7)	Karachi Tax Bar Association (KBR)
8)	Pakistan Banks Association (PBA)
9)	Overseas Investors Chamber of Commerce & Industry (OICCI)
10)	Mutual Funds Association of Pakistan (MUFAP)
11)	NBFI & Modaraba Association of Pakistan (NBFI&MAP)
12)	The Institute of Bankers Pakistan (IBP)
13)	National Centre for Dispute Resolution (NCDR)
14)	The Institute of Certified Internal Auditors Pakistan (ICIA)
15)	IBA Dispute Resolution Forum (IBA-DRF)
16)	National Institute of Banking and Finance (NIBAF)
17)	Institute of Corporate Secretaries of Pakistan (ICSP)