

PRECAUTIONS FOR INVESTORS APPOINTING OTHER INDIVIDUALS AS AUTHORIZED PERSONS TO TRADE ON THEIR BEHALF

Pakistan Stock Exchange Limited (**PSX**) is issuing this investor alert to emphasize precautions and key considerations for the investors who decide to authorize other individuals to execute trade orders on their behalf with the securities brokers.

WHO CAN BE AUTHORIZED?

The investors should preferably authorize individuals known to them and who possess relevant qualification and experience with adequate understanding of market dynamics. The authorized individual must be trustworthy and act in accordance with the investor's investment objectives and risk tolerance. It is important to note that authorization to trade may preferably be given to a family member or an unaffiliated third party may also be appointed.

The investors should avoid appointing individuals through social media platforms and who are unknown to them or those who promises guaranteed fixed returns or exorbitant returns with minimal or no risk or persuade for investment that is unsuitable to the investor profile.

The investors must also be mindful that the authorized person cannot be the representative of the securities broker due to conflict of interest and restriction imposed in the regulations.

WHAT SHOULD BE THE MOST CRUCIAL FACTORS TO BE CONSIDERED?

- The authority to operate a trading account should be delegated to the authorized person through a proper agreement duly dated and signed by both the parties.
- A copy of such agreement executed with the authorized person must be provided to the securities broker, containing the relevant information such as authorized person's name, copy of CNIC, contact details, etc.
- Any additional information or document as may be required by the securities broker as per its policies and procedures must be provided.

RESPONSIBILITIES OF THE INVESTORS:

Investors must take note that they will be responsible and liable for any consequences including but not limited to losses and claims that may arise or be incurred by virtue of transactions executed in their account on the instructions of their authorized persons. Please keep in mind that such authorization carries risk of misuse of authority and misalignment of interest. Therefore, the investors need to be mindful of any bogus activity in their account and carefully select a person who will be authorized to operate their account in order to make sure that all trades executed in their accounts remain in their knowledge.

Therefore, the investors should:

- Regularly monitor the activity in their trading account and quarterly account statements required to be transmitted by the securities brokers;
- Promptly raise any discrepancy or concern with the authorized person and/ or the securities broker or report to the relevant authorities for clarification or timely remedial action.
- Understand the rights and obligations as set out in the relevant securities market regulations in their own interests and exercise and comply with the same to mitigate the legal and financial risks.

TERMINATION OF AUTHORITY:

Investors have the right to revoke the authorization given to an individual at any time. The securities broker must be notified immediately in writing about the revocation of authority and ensure that the access of the authorized person to the trading account is restricted immediately.

It is reiterated that the investors shall remain responsible for their investments and should take all necessary precautions to protect their interests. The trades shall be construed as legal in case of any dispute, if executed by the authorized person, unless the provided authority has been revoked and communicated to the securities broker before execution of trade(s).

For more details, investors must read the Investor Awareness Guide circulated vide notice No. PSX/N-881 dated September 06, 2024 and available on PSX website at following link:

<https://www.psx.com.pk/psx/resources-and-tools/investors/investor-awareness-guide>

If you have any concerns or questions, please do not hesitate to contact your securities broker for guidance and support.

Any complaint or dispute, if remains unresolved with the securities broker, can be escalated to PSX through any of the following modes:

1. **Mailing Address:** Regulatory Affairs Division, 2nd Floor, Stock Exchange Building, Stock Exchange Road, Pakistan Stock Exchange Limited.
2. **E-mail Address:** investor.complaints@psx.com.pk
3. **Helpline:** 021-32471627, +9221 111-00-11-22

ON BEHALF OF THE REGULATORY AFFAIRS DIVISION OF PAKISTAN STOCK EXCHANGE LIMITED