



PAKISTAN STOCK EXCHANGE LIMITED

PSX/N- 5414

NOTICE

September 18, 2017

Reproduced hereunder letter No. SMD/SE/8(4)/2008 dated September 14, 2017 received from **Securities and Exchange Commission of Pakistan (SECP)** regarding approved amendments to Pakistan Stock Exchange Limited Regulations for Revamping the Penalty Regime for TRE Certificate Holders/Brokers applicable from September 14, 2017.
(Copy of the same is also available on our Website www.Psx.com.pk)



SECP

Securities and Exchange Commission of Pakistan
Securities Market Division
Policy, Regulation and Development Department

SMD/SE/8(4)/2008

September 14, 2017

Mr. Abbas Mirza
General Manager & Chief Compliance Officer,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: Amendments to Pakistan Stock Exchange Limited Regulations for Revamping the Penalty Regime for TRE Certificate Holders/Brokers

Dear Sir,

This is with reference to the Pakistan Stock Exchange Limited (PSX) letter, wherein PSX solicited approval of the Securities and Exchange Commission of Pakistan (SECP) for amendments to its rulebook in relation to revamping its penalty regime for TREC Certificate Holders/brokers.

I am pleased to communicate that the SECP in exercise of its powers conferred upon it under section 8(3) of the Securities Act, 2015 (the 'Act'), has accorded its approval to the proposed amendments to the PSX Regulations, with necessary changes. The approved version of the amendments is enclosed herewith as Annexure "A".

PSX is advised to arrange publication of the amendments in the official gazette of Pakistan in terms of section 8(5) of the Act and provide copy of the gazette notification to the SECP for record. The approved amendments shall take effect immediately.

Yours truly,

(Asif Iqbal)
Additional Director (PRDD)

Cc: Acting Chief Executive Officer, PSX

Amendments Relating to Revamping of Penalty/Enforcement Regime for TREC Holders/Brokers

EXISTING PROVISIONS	PSX PROPOSED PROVISIONS	SECP APPROVED REGULATION
<p>3.7. DISSEMINATION OF RELATED INFORMATION BY THE EXCHANGE TO OTHER MARKET ENTITIES:</p>	<p>3.7. DISSEMINATION OF RELATED INFORMATION BY THE EXCHANGE TO OTHER MARKET ENTITIES:</p>	<p>3.7. DISSEMINATION OF RELATED INFORMATION BY THE EXCHANGE TO OTHER MARKET ENTITIES <u>AND GENERAL PUBLIC</u></p>
<p>3.7.1. The Exchange shall, immediately on the same day, disseminate the appropriate information to the CDC, NCCPL, all other Stock Exchanges, the PMEX and the Commission; relating to voluntary switching off of the trading terminals upon the request of Broker, suspension, cancellation, forfeiture of TRE Certificate, declaration of default, non-renewal or cancellation of registration as a Broker by the Commission, suspension of any or all of the privileges of TRE Certificate Holder including restriction and/or suspension of trading terminals or any similar penal action(s) taken against such TRE Certificate Holder by the Exchange under PSX Regulations for taking required actions, if any, at their end. The Exchange shall also place such information on its website for the general public preferably on the same day on which such action is taken, but not later than the time of opening of market on the next trading day.</p>	<p>3.7.1. The Exchange shall, immediately on the same day, disseminate the appropriate information to the CDC, NCCPL, all other Stock Exchanges, the PMEX and the Commission; relating to <u>imposition of fine</u>, voluntary switching off of the trading terminals upon the request of Broker, suspension, cancellation, forfeiture of TRE Certificate, declaration of default, non-renewal or cancellation of registration as a Broker by the Commission, suspension of any or all of the privileges of TRE Certificate Holder including restriction and/or suspension of trading terminals or any similar penal action(s) taken against such TRE Certificate Holder by the Exchange under PSX Regulations for taking required actions, if any, at their end. The Exchange shall also place such information on its website for the general public preferably on the same day on which such action is taken, but not later than the time of opening of market on the next trading day.</p>	<p>3.7.1. The Exchange shall, immediately on the same day, disseminate the appropriate information to the CDC, NCCPL, all other Stock Exchanges, the PMEX and the Commission; relating to imposition of fine, voluntary switching off of the trading terminals upon the request of Broker, suspension, cancellation, forfeiture of TRE Certificate, declaration of default, non-renewal or cancellation of registration as a Broker by the Commission, suspension of any or all of the privileges of TRE Certificate Holder including restriction and/or suspension of trading terminals or any similar penal action(s) taken against such TRE Certificate Holder by the Exchange under PSX Regulations for taking required actions, if any, at their end. The Exchange shall also place such information on its website for the general public preferably on the same day on which such action is taken, but not later than the time of opening of market on the next trading day.</p> <p><u>The Exchange shall also make available on its website and update every 30 days, a consolidated report in respect of disciplinary actions taken against TRE Certificate Holders by the Exchange, CDC, NCCPL and SECP during past three years.</u></p>

4.18 SEGREGATION OF CLIENTS' ASSETS BY THE BROKERS:

4.18.2. Except as permitted above, the clients' funds and securities shall not be used by the Broker for any purpose other than as authorized by the client in writing in the manner and procedure prescribed by the Exchange and/or CDC. The Broker shall be obliged to maintain and furnish documentary evidence to substantiate the compliance with the above regulations as and when required by the Exchange.

4.18 SEGREGATION OF CLIENTS' ASSETS BY THE BROKERS:

4.18.2. ~~Except as permitted above, The Broker shall not use clients' funds and securities shall not be used by the Broker for any purpose~~ its own use/benefit. However, the Broker may utilize the relevant clients' securities as permitted in sub-clause 4.18.1.(c) or for any of the purposes specified below: other than as authorized by the clients in writing in the manner and procedure prescribed by the Exchange and/or CDC:

(a) To fulfil shortfall in the margin requirements of its other UINs including proprietary UIN of such Broker based on the specific authority given by the specified category of sub-account holders in accordance with relevant NCCPL Regulations;

(b) To meet the minimum value of BMC requirement as notified by the Exchange based on the specific authority given by the Directors or Chief Executive of the Brokerage House irrespective of their holding in such Brokerage House or any other individual who holds at least 10% shares of the such Brokerage House as per Annexure III to this Chapter;

(c) To arrange financing facility from the financial institutions after obtaining an authority from the clients in writing for the specified purpose; or

4.18.2. Except as permitted above, the clients' funds and securities shall not be used by the Broker for any purpose other than as authorized by the client in writing in the manner and procedure prescribed by the Exchange, NCCPL and/or CDC. The Broker shall be obliged to maintain and furnish documentary evidence to substantiate the compliance with the above regulations as and when required by the Exchange.

~~(a) To fulfil shortfall in the margin requirements of its other UINs including proprietary UIN of such Broker based on the specific authority given by the specified category of sub-account holders in accordance with relevant NCCPL Regulations;~~

~~(b) To meet the minimum value of BMC requirement as notified by the Exchange based on the specific authority given by the Directors or Chief Executive of the Brokerage House irrespective of their holding in such Brokerage House or any other individual who holds at least 10% shares of the such Brokerage House as per Annexure III to this Chapter;~~

~~(c) To arrange financing facility from the financial institutions after obtaining an authority from the clients in writing for the specified purpose; or~~

<p>4.18.4. In case of non-compliance on the part of the Broker, as mentioned in sub-clause 4.18.1.(c), is established, after enquiry and providing opportunity of hearing, the Broker shall be liable to pay penalty of 1.0% of the market value of</p>	<p><u>(d) To recover applicable charges, dues or losses incurred against the services availed by the client.</u></p> <p><u>EXPLANATIONS:</u></p> <ol style="list-style-type: none"> 1. <u>For the purpose of sub-clause (a) above, only Margin Eligible Securities shall be acceptable.</u> 2. <u>For the purpose of sub-clause (b) above, only Margin Eligible Securities and/or shares of the Exchange, LSE Financial Services Limited and ISE Towers REITS Management Company Limited shall be acceptable to meet the BMC requirement.</u> 3. <u>For the purposes of sub-clause (a) to (c) the clients' securities shall be pledged and for the purpose of sub-clause (d) the clients' securities shall be liquidated from the respective sub-accounts and no movement of securities for purposes as aforesaid shall be allowed.</u> <p>4.18.2.A. The Broker shall be obliged to maintain and furnish documentary evidence to substantiate the compliance with the above regulations as and when required by the Exchange.</p> <p>4.18.4. In case of non-compliance on the part of the Broker, as mentioned in sub-clauses 4.18.1.(e) is established, after enquiry and providing opportunity of hearing, the Broker shall be liable to pay penalty of 1.0% of the market value of securities moved, subject to a maximum penalty of Rs.50,000/-</p>	<p>(d) To recover applicable charges, dues or losses incurred against the services availed by the client.</p> <p><u>EXPLANATIONS:</u></p> <ol style="list-style-type: none"> 1. For the purpose of sub-clause (a) above, only Margin Eligible Securities shall be acceptable. 2. For the purpose of sub-clause (b) above, only Margin Eligible Securities and/or shares of the Exchange, LSE Financial Services Limited and ISE Towers REITS Management Company Limited shall be acceptable to meet the BMC requirement. 3. For the purposes of sub-clause (a) to (c) the clients' securities shall be pledged and for the purpose of sub-clause (d) the clients' securities shall be liquidated from the respective sub-accounts and no movement of securities for purposes as aforesaid shall be allowed. <p>4.18.2.A. The Broker shall be obliged to maintain and furnish documentary evidence to substantiate the compliance with the above regulations as and when required by the Exchange.</p> <p>Same as proposed by PSX</p>
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<p>securities moved, subject to a maximum penalty of Rs.50,000/-.</p> <p>Provided that warning may be issued once on the first instance of non-compliance by the Broker subsequent to implementation of automated settlement mechanism.</p>	<p>Provided that warning may be issued once on the first instance of non-compliance by the Broker subsequent to implementation of automated settlement mechanism.</p>	
<p>4.18.5. Where non-compliance of sub-clause 4.18.2 and 4.18.3 by a Broker is established, the Exchange may, after providing an opportunity of being heard to the Broker, impose penalty on such Broker in the manner provided in sub-clause 4.18.4.</p>	<p>4.18.5. Where non-compliance of sub-clause 4.18.2 and 4.18.3 by a Broker is established, the Exchange may, after providing an opportunity of being heard to the Broker, impose penalty on such Broker in the manner provided in sub-clause 4.18.4.</p>	<p>Same as proposed by PSX</p>
<p>4.18.7. Where non-compliance of Clause 4.18.6 by a Broker is established, the Exchange may, after providing an opportunity of being heard to the Broker, impose following restrictions and/or penalty on such Broker:</p> <p>(a) the operation of its all trading terminals may be switched off by the CRO after serving three (3) working days' notice for ensuring compliance with the sub-clause 4.18.6.</p> <p>(b) The Exchange may restore trading terminals of the Broker upon its full compliance with sub-clause 4.18.6 and payment of a penalty of Rs. 100,000/- for each default to the Exchange.</p>	<p>4.18.7. Where non-compliance of Clause 4.18.6 by a Broker is established, the Exchange may, after providing an opportunity of being heard to the Broker, impose following restrictions and/or penalty on such Broker:</p> <p>(a) the operation of its all trading terminals may be switched off by the CRO after serving three (3) working days' notice for ensuring compliance with the sub-clause 4.18.6.</p> <p>(b) The Exchange may restore trading terminals of the Broker upon its full compliance with sub-clause 4.18.6 and payment of a penalty of Rs. 100,000/- for each default to the Exchange.</p>	<p>Same as proposed by PSX</p>
<p>4.19. CONFIRMATION OF CLIENTS' ORDERS BY TRE CERTIFICATE HOLDERS/ BROKERS:</p> <p>Fines: Once it is established that the Broker is in violation of the above order confirmation requirements, the Chief Regulatory Officer shall impose a fine amounting to not less than</p>	<p>4.19. CONFIRMATION OF CLIENTS' ORDERS BY TRE CERTIFICATE HOLDERS/ BROKERS:</p> <p>Fines: Once it is established that the Broker is in violation of the above order confirmation requirements, the Chief Regulatory Officer shall impose a fine</p>	<p>Same as proposed by PSX</p>

Rs.10,000/- per default but not exceeding Rs.25,000/- per default.	amounting to not less than Rs.10,000/- per default but not exceeding Rs.25,000/- per default.	
4.21. TRADING BY EMPLOYEES OF BROKERAGE HOUSES:	4.21. TRADING BY EMPLOYEES OF BROKERAGE HOUSES:	
<p>Penalty: The Exchange in its sole discretion may impose a penalty of up to Rs.100,000/- on the TRE Certificate Holders for any single breach/violation of this Regulation including the Code of Conduct by the TRE Certificate Holders or their employees.</p>	<p>Penalty: The Exchange in its sole discretion may impose a penalty of up to Rs.100,000/- on the TRE Certificate Holders for any single breach/violation of this Regulation including the Code of Conduct by the TRE Certificate Holders or their employees.</p>	Same as proposed by PSX
4.27. DISCIPLINARY MATTERS:	4.27. DISCIPLINARY MATTERS:	Same as proposed by PSX
<p>4.27.1. A TRE Certificate Holder who in any manner contravenes the Act, the Ordinance, the Securities Ordinance and rules made there-under, PSX Regulations, the Procedures, any conditions imposed on the approval of issuance or transfer of a TRE Certificate or any other requirements imposed on a TRE Certificate Holder may be liable to disciplinary proceedings. The disciplinary proceedings and the disciplinary powers that may be instituted or exercised against a holder of TRE Certificate shall be determined by the Exchange in accordance with these regulations.</p> <p>4.27.2. Without prejudice to the generality of above, the Exchange may exercise any of the following disciplinary powers against a TRE Certificate Holder and connected persons:</p> <p>(a) To impose a fine; (b) To restrict/suspend its trading rights; or (c) To cancel/ forfeit/ revoke its TRE Certificate.</p>	<p>4.27.1. A TRE Certificate Holder who in any manner contravenes the Act, the Ordinance, the Securities Ordinance and rules made there-under, PSX Regulations, the Procedures, any conditions imposed on the approval of issuance or transfer of a TRE Certificate or any other requirements imposed on a TRE Certificate Holder may be liable to disciplinary proceedings. The disciplinary proceedings and the disciplinary powers that may be instituted or exercised against a holder of TRE Certificate shall be determined by the Exchange in accordance with these regulations.</p> <p>4.27.2. Without prejudice to the generality of above, the Exchange may exercise any of the following disciplinary powers against a TRE Certificate Holder and connected persons: (a) To impose a fine; (b) To restrict/suspend its trading rights; or (c) To cancel/ forfeit/ revoke its TRE Certificate.</p>	

<p>4.27.3. A TRE Certificate Holder shall remain bound by PSX Regulations and the disciplinary procedures notwithstanding any disciplinary proceedings being instituted against it, any conditions being imposed upon it or any of its rights being suspended.</p> <p>4.27.4. The Exchange, its officers, directors, employees, Agents or representatives or any other person or entity associated with the Exchange shall have no liability whatsoever for any losses, damages, claims, legal costs or other expenses that a TRE Certificate holder may suffer or incur, whether directly or indirectly (including any loss of profit or any damage or reputation) by reason of any disciplinary proceedings instituted or disciplinary measures taken pursuant to PSX Regulations.</p>	<p>4.27.3. A TRE Certificate Holder shall remain bound by PSX Regulations and the disciplinary procedures notwithstanding any disciplinary proceedings being instituted against it, any conditions being imposed upon it or any of its rights being suspended.</p> <p>4.27.4. The Exchange, its officers, directors, employees, Agents or representatives or any other person or entity associated with the Exchange shall have no liability whatsoever for any losses, damages, claims, legal costs or other expenses that a TRE Certificate holder may suffer or incur, whether directly or indirectly (including any loss of profit or any damage or reputation) by reason of any disciplinary proceedings instituted or disciplinary measures taken pursuant to PSX Regulations.</p>	
<p>9.15. SUSPENSION AND CANCELLATION OF INTERNET TRADING CERTIFICATE:</p> <p>9.15.1. The Exchange shall assess the effectiveness of systems and processes of the Broker providing IBTS in accordance with the procedures devised from time to time and approved by the Board, <u>including the review of IBTS audit report and/ or Penetration Testing and Vulnerability Assessment audit report as required to be submitted under clause 9.12 and by conducting vulnerability assessment where deemed necessary on the basis of predetermined parameters.</u></p> <p>9.15.2. The Exchange may suspend the internet trading certificate of a Broker if it violates any of</p>	<p>No Change</p>	<p>9.15. SUSPENSION AND CANCELLATION OF INTERNET TRADING CERTIFICATE:</p> <p>9.15.1. The CRO Exchange shall assess the effectiveness of systems and processes of the Broker providing IBTS in accordance with the procedures devised from time to time and approved by the Board, <u>including the review of IBTS audit report and/ or Penetration Testing and Vulnerability Assessment audit report as required to be submitted under clause 9.12 and by conducting vulnerability assessment where deemed necessary on the basis of predetermined parameters .</u></p> <p>9.15.2. The CRO may, after providing an opportunity of hearing in accordance with</p>

<p>the regulations, and such suspension shall continue until and unless the Broker complies with the regulations it has violated or removes the cause of suspension in the manner as prescribed by the Exchange.</p>	<p>No Change</p>	<p>clause 20.4, Exchange may suspend the internet trading certificate of a Broker if it violates any of the regulations, and such suspension shall continue until and unless the Broker complies with the regulations it has violated or removes the cause of suspension in the manner as prescribed by the Exchange.</p>
<p>9.15.3. The Broker may appeal to the Exchange for the revival of the Internet Trading Certificate.</p>	<p>No Change</p>	<p>9.15.3. The Broker may appeal to the Exchange for the revival of the Internet Trading Certificate in accordance with procedure specified under clause 20.4.</p>
<p>20.1. SUSPENSION, FORFEITURE OR CANCELLATION OF TRE CERTIFICATE AND IMPOSITION OF FINES AND PENALTIES:</p> <p>20.1.1. The Board may, upon recommendations of RAC, by a resolution, suspend, forfeit or cancel TRE Certificate of a TRE Certificate Holder, where the RAC is of the opinion that such TRE Certificate Holder:</p> <ul style="list-style-type: none"> (a) Is guilty of fraudulent practices; (b) Has transacted his/its own or his/its constituent's/client's business under fictitious names; (c) In any manner circulates or causes to be circulated, any rumors; (d) Repeatedly brings before the Exchange a charge, complaint or suit which, in the opinion of the Board, is baseless, frivolous, vexatious or malicious; 	<p>20.1. SUSPENSION, FORFEITURE OR CANCELLATION OF TRE CERTIFICATE AND IMPOSITION OF FINES AND PENALTIES <u>ACTS REQUIRING DISCIPLINARY ACTIONS:</u></p> <p>20.1.1. The Board may, upon recommendations of RAC, by a resolution, suspend, forfeit or cancel TRE Certificate of <u>exercise any of the disciplinary powers as specified under clause 20.14. against a TRE Certificate Holder where the RAC is of the opinion that such TRE Certificate Holder if such TRE Certificate Holder:</u></p> <ul style="list-style-type: none"> (a) Is guilty of fraudulent practices; (b) Has transacted his/its own or his/its constituent's/client's business under fictitious names; (c) In any manner circulates or causes to be circulated, any rumors; (d) Repeatedly brings before the Exchange a charge, complaint or suit which, in the opinion of the Board, is baseless, frivolous, vexatious or malicious; (e) If without the special permission of the Board a TRE Certificate Holder shares his/its brokerage 	<p>20.1. ACTS REQUIRING DISCIPLINARY ACTIONS:</p> <p>20.1.1. The Board may, <u>upon its own motion or upon the recommendations of RAC,</u> by a resolution, exercise any of the disciplinary powers as specified under clause 20.14 against a TRE Certificate Holder if such TRE Certificate Holder:</p> <p>Same as proposed by PSX</p>

<p>(e) If without the special permission of the Board a TRE Certificate Holder shares his/its brokerage with or carries on business or makes any deal for or with any TRE Certificate Holder who has been suspended or whose TRE Certificate has been cancelled or forfeited as the case may be or who has been declared as Defaulter;</p> <p>(f) Evades or attempts to evade or assists in evading the Margin requirements prescribed in the relevant NCCPL Regulations;</p> <p>(g) Has refused or failed to comply with any resolution or decision of the Board;</p> <p>(h) Has contravened PSX Regulations, policies or procedures, orders, notices, directions, decisions or rulings of the Exchange or the Commission;</p> <p>(i) Is found guilty of dishonorable or disgraceful conduct;</p> <p>(j) Has made a false declaration in his/its application for transfer/issuance of TRE Certificate to the Exchange or Commission;</p> <p>(k) Has been convicted by a court of law for an offence involving fraud, financial or business misconduct/ malpractices or moral turpitude which renders him/it unfit to be a TRE Certificate Holder of the Exchange;</p> <p>(l) Has willfully obstructed the business of the Exchange;</p> <p>(m) Is incapable of performing his/its functions for any reason deemed sufficient in the discretion of the Board, including but not limited to the failure of its Chief Executive Officer in case of it being a Corporate TRE Certificate Holder or himself in case of him being an Individual TRE Certificate Holder or any authorized contact person on its behalf</p>	<p>with or carries on business or makes any deal for or with any TRE Certificate Holder who <u>which</u> has been suspended or whose the TRE Certificate <u>of which</u> has been cancelled or forfeited as the case may be or who <u>which</u> has been declared as Defaulter;</p> <p>(f) Evades or attempts to evade or assists in evading the Margin requirements prescribed in the relevant NCCPL Regulations;</p> <p>(g) Has refused or failed to comply with any resolution or decision of the Board;</p> <p>(h) Has contravened PSX Regulations, policies or procedures, orders, notices, directions, decisions, <u>instructions</u> or rulings of the Exchange or the Commission;</p> <p>(i) Is found guilty of dishonorable or disgraceful conduct;</p> <p>(j) Has made a false declaration in his/its application for transfer/issuance of TRE Certificate to the Exchange or Commission;</p> <p>(k) Has been convicted by a court of law for an offence involving fraud, financial or business misconduct/ malpractices or moral turpitude which renders him/it unfit to be a TRE Certificate Holder of the Exchange;</p> <p>(l) Has willfully obstructed the business of the Exchange;</p> <p>(m) Is incapable of performing his/its functions for any reason deemed sufficient in the discretion of the Board, including but not limited to the failure of its Chief Executive Officer in case of it being a Corporate TRE Certificate Holder or himself in case of him being an Individual TRE Certificate Holder or any authorized contact person on his/its behalf to attend to any notice, hearing or a claim from or by the Exchange for more than 30 days or his prolonged illness without making an alternate arrangement with</p>	
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<p>to attend to any notice, hearing or a claim from or by the Exchange for more than 30 days or his prolonged illness without making an alternate arrangement with the permission of Exchange, his/its financial precariousness, insolvency of individual TRE Certificate Holder/ Corporate TRE Certificate Holder going into liquidation etc;</p> <p>(n) Has refused or failed to provide any information as required by the Exchange and/or the Commission.</p> <p>Provided no such order shall be passed by the Board except after giving the TRE Certificate Holder an opportunity of being heard. Such hearing may be conducted by the RAC or a sub-committee constituted by the RAC for an order of suspension and by the Board for an order of cancellation or forfeiture of the TRE Certificate. The RAC or the Board as the case may be may proceed ex-parte against a TRE Certificate Holder who fails to appear for hearing in two consecutive hearings.</p>	<p>the permission of Exchange or his/its financial precariousness or insolvency of individual TRE Certificate Holder/ Corporate TRE Certificate Holder going into liquidation ;</p> <p>(n) Has refused or failed to provide any information <u>or provided incomplete, false, forged or misleading information</u> as required by the Exchange and/or the Commission <u>from time to time</u>.</p> <p>Provided no such order shall be passed by the Board except after giving the TRE Certificate Holder an opportunity of being heard. Such hearing may be conducted by the RAC or a sub-committee constituted by the RAC for an order of suspension and by the Board for an order of cancellation or forfeiture of the TRE Certificate. The RAC or the Board as the case may be may proceed ex parte against a TRE Certificate Holder who fails to appear for hearing in two consecutive hearings.</p>	<p>(n) Has refused or failed to provide any information or provided incomplete, false, forged or misleading information as required by to the Exchange and/or the Commission from time to time.</p> <p>Agreed.</p>
<p>20.1.2. The Board upon recommendation of CRO may also by resolution, suspend forfeit/cancel TRE Certificate of a TRE Certificate Holder, where the CRO is of the opinion that such TRE Certificate Holder:</p> <p>(a) Has failed to pay any fine or penalty imposed upon him/it in accordance with PSX Regulations for the time being in force;</p> <p>(b) Has failed to pay any money which may be due by him/it to the Exchange relating to trading, operational, and other administrative facilities within such time as may be determined by the Board;</p>	<p>20.1.2. The Board upon recommendation of CRO may also by resolution, suspend forfeit/cancel TRE Certificate of a TRE Certificate Holder, where the CRO is of the opinion that such TRE Certificate Holder:</p> <p>(a) (a) Has failed to pay any fine or penalty imposed upon him/it in accordance with PSX Regulations for the time being in force;</p> <p>(b) (b) <u>(p)</u> Has failed to pay any money which may be due by him/it to the Exchange relating to trading, operational, and other administrative facilities within such time as may be determined by the Board;</p>	<p>Agreed.</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p>

<p>Provided that before the above actions are taken by the Board, the Board may allow thirty (30) days to the TRE Certificate Holder to pay such money.</p> <p>(c) Has failed to submit to or abide by or carry out any award in arbitration passed by the Sole Arbitrator/ Sub Panel of Arbitrators, Appellate Panel or any other arbitration forum established by the Exchange. Provided that maximum period of thirty (30) days shall be given to the TRE Certificate Holder for implementation of the award.</p>	<p>Provided that before the above actions are taken by the Board, the Board may allow thirty (30) days to the TRE Certificate Holder to pay such money.</p>	<p>Agreed.</p>
<p>(c) Has failed to submit to or abide by or carry out any award in arbitration passed by the Sole Arbitrator/ Sub Panel of Arbitrators, Appellate Panel or any other arbitration forum established by the Exchange. Provided that maximum period of thirty (30) days shall be given to the TRE Certificate Holder for implementation of the award.</p>	<p>(e) <u>(q)</u> Has failed to submit to or abide by or carry out any award in arbitration passed by the Sole Arbitrator/ Sub Panel of Arbitrators, Appellate Panel or any other arbitration forum established by the Exchange. Provided that maximum period of thirty (30) days shall be given to the TRE Certificate Holder for implementation of the award.</p>	<p>Same as proposed by PSX</p>
	<p><u>Provided that before the above any disciplinary action is taken by the Board in respect of acts provided in sub-clause (o), (p) or (q) of this clause, the Board may allow maximum period of thirty (30) days to the TRE Certificate Holder from the due/implementation date, to pay such the money due or implement the arbitration award, as the case may be.</u></p>	<p>Same as proposed by PSX.</p>
	<p><u>Provided further no such order in respect of any of the above acts shall be passed by the Board except after giving the TRE Certificate Holder an opportunity of being heard. Such hearing may be conducted by:</u></p>	<p>Provided further no such order that no disciplinary powers as specified under clause 20.14. in respect of any of the above acts shall be exercised passed by the Board except after giving the TRE Certificate Holder an opportunity of being heard. Such hearing may be conducted by:</p>
	<p>(a) <u>the RAC or a sub-committee constituted by the RAC for an order of suspension other than cancellation or forfeiture of the TRE Certificate; and</u></p> <p>(b) <u>the Board or sub-committee constituted by the Board for an order of cancellation or forfeiture of the TRE Certificate.</u></p>	<p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p>

<p>20.1.3. The imposition of fine or suspension of a TRE Certificate of a TRE Certificate Holder under the PSX Regulations shall be without prejudice to the power of the Board to subsequently forfeit/cancel TRE Certificate of such TRE Certificate Holder in case he/it fails to pay the fine imposed or removes the cause of suspension within stipulated time.</p>	<p><u>The relevant authority conducting the hearing under this clause may proceed ex-parte against a TRE Certificate Holder who fails to appear for hearing in two consecutive hearings.</u></p> <p>20.1.3. 20.1.2. The imposition of fine or suspension of a TRE Certificate of a TRE Certificate Holder under the PSX Regulations shall be without prejudice to the power of the Board to subsequently <u>suspend, cancel or forfeit</u> TRE Certificate of such TRE Certificate Holder, <u>as the case may be</u>, in case it fails to pay the fine imposed or removes the cause of suspension within stipulated time.</p>	<p>Same as proposed by PSX</p> <p>20.1.2. The imposition of fine or suspension of a TRE Certificate of a TRE Certificate Holder under the PSX Regulations shall be without prejudice to the power of the Board to subsequently suspend, cancel or forfeit TRE Certificate of such TRE Certificate Holder, as the case may be, in case it fails to pay the fine imposed or removes the cause of suspension within stipulated time.</p>
<p>20.1.4. LIABILITIES OF PAST TRE CERTIFICATE HOLDERS:</p> <p>A TRE Certificate Holder who shall for any reason have ceased to be a TRE Certificate Holder of the Exchange shall nevertheless remain liable for and shall pay to the Exchange all monies which at the time of his ceasing to be a TRE Certificate Holder shall have been due by him to the Exchange.</p>	<p>20.1.4. LIABILITIES OF PAST TRE CERTIFICATE HOLDERS:</p> <p>A TRE Certificate Holder who shall for any reason have ceased to be a TRE Certificate Holder of the Exchange shall nevertheless remain liable for and shall pay to the Exchange all monies, which at the time of his ceasing to be a TRE Certificate Holder shall have been due by him to the Exchange.</p>	<p>Agreed.</p>
<p>20.2. PROCESS TO BE FOLLOWED FOR TAKING DISCIPLINARY ACTION UNDER REGULATION 20.1.2.:</p> <p>20.2.1. FAILURE TO PAY DUES:</p> <p>If a TRE Certificate Holder fails to pay his annual subscription/fee/penalty or any other money which may be due by him/it to the Exchange within a period allowed under regulation 20.1.2. above after the same has become due, the CRO shall issue a formal two (2) working days demand</p>	<p>20.2. PROCESS TO BE FOLLOWED FOR TAKING DISCIPLINARY ACTION UNDER REGULATION 20.1.2. PURSUANT TO SUB-CLAUSES (o), (p) and (q) of CLAUSE 20.1.1.:</p> <p>20.2.1. FAILURE TO PAY DUES:</p> <p>If a TRE Certificate Holder fails to pay its annual subscription/fee/penalty or any other money which may be due on its part to the Exchange within a period allowed <u>by the Board</u> under regulation 20.1.2. the <u>first proviso to Clause 20.1.1</u> above after the same has become due, the CRO shall issue a formal two (2) working days demand notice to that</p>	<p>Same as proposed by PSX</p>

<p>notice to that TRE Certificate Holder for making the required payment.</p>	<p>TRE Certificate Holder for making the required payment.</p>	<p>Same as proposed by PSX</p>	
<p>20.2.2. SUSPENSION:</p> <p>In case a TRE Certificate Holder fails to pay the outstanding amount even after the expiry of two (2) working days from the date of receipt of the notice from the CRO as provided above, the CRO may, subject to the passing of Board resolution as per Regulation 20.1.2. above through a notice on the notice board of the Exchange, suspend such TRE Certificate Holder until he/it pays all his dues and until then such TRE Certificate Holder shall remain suspended and debarred from exercising any of the rights and privileges of a TRE Certificate Holder until the CRO, by a further notice upon the notice board of the Exchange, revokes his suspension.</p>	<p>20.2.2. SUSPENSION:</p> <p>In case a TRE Certificate Holder fails to pay the outstanding amount even after the expiry of two (2) working days from the date of receipt of the notice from the CRO as provided above, the CRO may, <u>as empowered by the Board or</u> subject to the passing of Board resolution as per Regulation 20.1.2. <u>Clause 20.1.1</u> above through a notice on the notice board of the Exchange, suspend such TRE Certificate Holder until he/it pays the <u>his outstanding dues amount or complies with the arbitration award, as the case may be,</u> and until then such TRE Certificate Holder shall remain suspended and debarred from exercising any of the rights and privileges of a TRE Certificate Holder unless the CRO, by a further notice upon the notice board of the Exchange, revokes his <u>its</u> suspension.</p>		
<p>20.2.3. FURTHER NOTICE:</p> <p>If a TRE Certificate Holder does not clear his dues even after his suspension for failure to pay his dues to the Exchange for a period of two months, the CRO shall issue a further demand notice to that TRE Certificate Holder requesting him to clear his dues within a period of one month from the date of receipt of the said notice.</p>	<p>20.2.3. FURTHER NOTICE:</p> <p>If a TRE Certificate Holder does not clear his <u>its outstanding dues amount or comply with the arbitration award, as the case may be,</u> even after his <u>its</u> suspension for failure to pay his dues to the Exchange for a period of two months, the CRO shall issue a further demand notice to that TRE Certificate Holder requesting him <u>advising it to remove the cause of suspension</u> to clear his dues within <u>five (5) trading days</u> a period of one month from the date of receipt of the said notice.</p>		<p>Same as proposed by PSX</p>
<p>20.2.4.CANCELLATION/FORFEITURE OF TRE CERTIFICATE:</p>	<p>20.2.4.CANCELLATION/FORFEITURE OF TRE CERTIFICATE:</p>		

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<p>If the requisition in such further notice is not complied with, the Board may by a Resolution passed by a majority of three-fourths of the members of the said Board present at the meeting issue directions for cancellation/forfeiture of the TRE Certificate of such TRE Certificate Holder. Notice of such Resolution shall be posted forthwith on the Notice Board of the Exchange.</p>	<p>If the requisition in such further notice is not complied with, the Board may by a Resolution passed by a majority of three-fourths of the members of the said Board present at the meeting order issue directions for cancellation or forfeiture of the TRE Certificate of such TRE Certificate Holder <u>in a manner as provided in sub-clause 20.1.1</u>. Notice of such Resolution shall be posted forthwith on the Notice Board of the Exchange.</p>	<p>Same as proposed by PSX.</p>
<p>Provided that in case where a TRE Certificate Holder has a subsisting right to transfer its TRE Certificate and such TRE Certificate is a component of the Base Minimum Capital maintained by such TRE Certificate Holder under the Regulations Governing Risk Management, such TRE Certificate will not be cancelled and instead shall be forfeited and transferred by the Exchange and proceeds shall be utilized under these Regulations. However, all the provisions of these regulations applicable consequent upon cancellation of TRE Certificate shall remain so applicable on the TRE Certificate holder considering as if its TRE Certificate has been cancelled.</p>	<p>Provided that in case where a TRE Certificate Holder has a subsisting right to transfer its TRE Certificate and such TRE Certificate is a component of the Base Minimum Capital maintained by such TRE Certificate Holder under the Regulations Governing Risk Management, such TRE Certificate will not be cancelled and instead shall be forfeited and transferred by the Exchange and proceeds shall be utilized under these Regulations. However, all the provisions of these regulations applicable consequent upon cancellation of TRE Certificate shall remain so applicable on the TRE Certificate holder considering as if its TRE Certificate has been cancelled.</p>	<p>Agreed.</p>
<p>20.3. INVESTIGATION AND COMPLIANCE POWERS:</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 Board in its emergent meeting/through resolution by circulation within three working</p>	<p>No Change</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-Board in its emergent meeting/through resolution by circulation</p>

<p>days commencing from the next day of switching-off of the trading terminals. The Board 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 Board may hear the concerned TRE Certificate Holder itself or for this purpose constitute any committee.</p>	<p><u>Provided that where the Board does not ratify such decision of CRO, the CRO shall not be liable whatsoever for any losses, damages, claims, legal costs or other expenses that a TRE Certificate holder may directly or indirectly suffer or incur, (including any loss of profit or any damage to reputation) arising by virtue of such decision taken by CRO.</u></p>	<p>within three working days commencing from the next day of switching-off of the trading terminals. The RAC Board 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 Board may hear the concerned TRE Certificate Holder itself or for this purpose constitute any committee.</p> <p>Provided that where the RAC Board does not ratify such decision of CRO, the CRO shall not be liable whatsoever for any losses, damages, claims, legal costs or other expenses that a TRE Certificate holder may directly or indirectly suffer or incur, (including any loss of profit or any damage to reputation) arising by virtue of such decision taken by CRO.</p>
<p>20.4. HEARING, IMPOSITION OF FINES AND APPEAL PROCEDURES:</p> <p>20.4.1. Any officer of RAD, not below the level of DGM, authorized in this regard by the CRO, shall have the authority to conduct a hearing in respect of any violation/ non-compliance by a TRE Certificate Holder of provisions of PSX Regulations in all the matters where contravention attracts imposition of fine of up to an aggregate amount of Rs. 500,000/-. Upon completion of the hearing, the RAD shall send its recommendations to the CRO for its approval and final decision.</p>	<p>20.4. HEARING IMPOSITION OF FINES AND APPEAL PROCEDURES:</p> <p>20.4.1. Any officer of RAD, not below the level of DGM Senior Manager, authorized in this regard by the CRO, shall have the authority to conduct a hearing in respect of any violation/ non-compliance by a TRE Certificate Holder of provisions of PSX Regulations in all the matters where contravention attracts imposition of fine of up to an aggregate amount of Rs. 500,000/-. <u>The Chief Executive Officer or any other Senior Management Officer of the TRE Certificate Holder concerned or any of its Representatives including Agents who is well conversant with the case and is authorized in this regard shall appear for the hearing with proof of such authorization.</u> Upon completion of the hearing, the <u>officer of RAD who conducted the</u></p>	<p>20.4. HEARING AND APPEAL PROCEDURES:</p> <p>20.4.1. Any officer of RAD, not below the level of Senior Manager, authorized in this regard by the CRO, shall have the authority to conduct a hearing in respect of any violation/ non-compliance by a TRE Certificate Holder of provisions of PSX Regulations <u>in all the matters where contravention attracts imposition of fine of up to an aggregate amount of Rs. 1 million.</u> The Chief Executive Officer or any other Senior Management Officer of the TRE Certificate Holder concerned or any of its Representatives including Agents who is well conversant with the case and is authorized in this regard shall appear for the hearing with proof of such authorization. Upon completion of the hearing, the officer of RAD who conducted</p>

<p>20.4.2. The sub-committee of the RAC shall have the authority to conduct a hearing in respect of any violation/non-compliance by a TRE Certificate Holder of provisions of PSX Regulations in all matters where contravention attracts imposition of fines of above aggregate amount of Rs500,000/-.</p>	<p>hearing shall send its <u>his</u> recommendations to the CRO for its <u>his</u> approval and final decision.</p>	<p>the hearing shall send his recommendations to the CRO for his approval and final decision.</p>
<p>20.4.3. In case the officer of the RAD conducting a hearing finds during any stage of hearing that the aggregate amount of fine for apparent violation/non-compliance is likely to exceed the maximum aggregate amount of Rs. 500,000/-, then he shall cease further proceedings and immediately refer the case to the sub-committee of the RAC.</p>	<p>20.4.2. Provided that the sub-committee of the RAC shall have the authority to conduct a hearing in respect of any violation/non-compliance by a TRE Certificate Holder of provisions of PSX Regulations in all matters where contravention attracts imposition of aggregate fines of above aggregate amount of Rs500,000/ <u>Rs1 million.</u></p> <p>20.4.3. Provided further that in case the officer of the RAD conducting a hearing finds during any stage of hearing that the aggregate amount of fine for apparent violation/non-compliance is likely to exceed the maximum aggregate amount of Rs500,000/ <u>Rs1 million.</u> then he shall cease further proceedings and immediately refer the case to the sub-committee of the RAC.</p>	<p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p>
<p>20.4.4. All cases of violation/non-compliance by a TRE Certificate Holder shall be disposed-off within thirty (30) days of the date of first hearing by the RAD or the sub-committee of the RAC, as the case may be.</p>	<p>No Change</p>	
<p>20.4.5. In case hearing could not be disposed-off within the prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay along with the required time extension shall be communicated in writing:</p> <p>(a) to the sub-committee of the RAC, in case of delay by the RAD;</p> <p>(b) to the RAC, in case of delay by the sub-committee of RAC.</p>	<p>20.4.5. In case hearing could not be disposed-off within the prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay along with the required time extension <u>up to a maximum of 15 days</u> shall be communicated in writing:</p> <p>(a) to the sub-committee of the RAC, in case of delay by the RAD;</p> <p>(b) to the RAC, in case of delay by the sub-committee of RAC.</p>	<p>Same as proposed by PSX</p>

20.4.6. An appeal by an aggrieved TRE Certificate Holder against the decision of the CRO made on the recommendations of the RAD, shall be heard and decided by the sub-committee of RAC. The decision of the sub-committee of the RAC in such appeal shall be final and binding on the concerned TRE Certificate Holder.

20.4.7. An appeal by an aggrieved TRE Certificate Holder against the decision of the sub-committee of RAC shall be heard and decided by the RAC itself. The decision of the RAC shall be final and binding on the concerned TRE Certificate Holder.

20.4.10. The Exchange will impose fine/appropriate sanctions on the relevant parties when it is established that breaches of (trading and clearing) regulations have been committed. On minor transgressions, RAD has the powers/discretion to compound the offence. On serious cases, RAD will initiate disciplinary actions which include reprimanding, imposition of fine, restricting trading rights, suspension of TRE Certificate, as it deems appropriate. In determining the sanctions, RAD will take into account the severity of the transgression, the compliance track record of the offender, the impact of the offence as well as mitigating factors.

20.4.6. An appeal by an aggrieved TRE Certificate Holder against the decision of the CRO made on the recommendations of the authorized officer of RAD, shall be heard and decided by the sub-committee of RAC. The decision of the sub-committee of the RAC in such appeal shall be final and binding on the concerned TRE Certificate Holder.

20.4.7. Subject to sub-clause 20.4.9 herein below, an appeal by an aggrieved TRE Certificate Holder against the decision of the sub-committee of RAC shall be heard and decided by the RAC itself. The decision of the RAC shall be final and binding on the concerned TRE Certificate Holder.

20.4A. DISCIPLINARY ACTIONS:

20.4A.1. Pursuant to Clause 20.4 hereinabove, ~~the Exchange will impose fine/appropriate sanctions~~ **CRO, sub-committee of RAC or RAC, as the case may be, may initiate disciplinary actions against a TRE Certificate Holder under sub-clause 20.4A.2** ~~on the relevant parties when it is prima facie established that such TRE Certificate Holder has breached of (trading and clearing) one or more of the PSX Regulations or failed to comply with a policy, procedure, order, notice, guideline, direction, manual, decision, instruction or ruling of the Exchange or failed to provide any required information or provided incomplete, false, forged or misleading information to the Exchange required from time to time:~~ **have been committed: On minor transgressions, RAD has the powers/discretion to compound the offence. On**

Same as proposed by PSX

Same as proposed by PSX

20.4A. DISCIPLINARY ACTIONS:

20.4A.1. Pursuant to Clause 20.4 hereinabove, the CRO, sub-committee of RAC or RAC, as the case may be, may initiate disciplinary actions against a TRE Certificate Holder under sub-clause 20.4A.2 when it is prima facie established that such TRE Certificate Holder has breached one or more of the PSX Regulations or failed to comply with a policy, procedure, order, notice, guideline, direction, manual, decision, instruction or ruling of the Exchange or failed to provide any required information or provided incomplete, false, forged or misleading information to the Exchange **as may be** required from time to time.

	<p>serious cases, RAD shall initiate disciplinary actions, which include: reprimanding, imposition of fine, restricting trading rights, suspension of TRE Certificate, as it deems appropriate. In determining the sanctions, RAD will take into account the severity of the transgression, the compliance track record of the offender, the impact of the offence as well as mitigating factors.</p> <p>20.4A.2. GENERAL DISCIPLINARY ACTIONS: <u>Disciplinary actions that may be taken pursuant to sub-clause 20.4A.1 are as follows:</u></p> <p><u>(a) Issue a warning in writing to act more carefully and vigilantly;</u></p> <p><u>(b) Reprimand (publicly or privately) in writing that the conduct warrants censure;</u></p> <p><u>(c) Impose a fine;</u></p> <p><u>(d) Impose any one or more conditions or restrictions;</u></p> <p><u>(e) Mandate educational qualification, training or such other program as may be determined by the relevant authority to be undertaken or implemented by the Broker for its employees;</u></p> <p><u>(f) Direct to take remedial actions to rectify the breach including appropriate action(s) against any of its employees or agents concerned behind such breach, whether directly or indirectly ; and/or take such other action as the relevant authority may deem appropriate;</u></p>	<p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>(b) Reprimand (publicly or privately) in writing that the conduct warrants censure;</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p>
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	<p>(g) Suspend <u>any or all trading terminals.</u></p> <p><u>20.4A.3. In determining the sanctions, the relevant authority is to take into account the following factors:</u></p> <p>(a) <u>the nature and seriousness of the non-compliance;</u></p> <p>(b) <u>the duration and frequency of the non-compliance;</u></p> <p>(c) <u>the manner in which the non-compliance was discovered;</u></p> <p>(d) <u>the actual or potential market impact of the non-compliance, and any other consequences;</u></p> <p>(e) <u>whether the non-compliance was deliberately, recklessly or negligently caused;</u></p> <p>(f) <u>the general compliance history of the relevant TRE Certificate Holder and specific history relating to the non-compliance;</u></p> <p>(g) <u>the conduct and remedial action taken by the relevant TRE Certificate Holder in responding to the matter;</u></p> <p>(h) <u>the nature and severity of sanctions which would be fair in the circumstances, taking into consideration the relevant aggravating and mitigating factors; and/or</u></p> <p>(i) <u>consistent and fair application of the regulations;</u></p>	<p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p>
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<p>If investigations suggest that the law prohibiting market misconduct could have been breached, the matter will be referred to the SECP for further investigation and action.</p>	<p>If investigations suggest that the law prohibiting market misconduct could have been breached, the matter will be referred to the SECP for further investigation and action.</p>	<p>20.4A.4 If investigations suggest that the law prohibiting market misconduct could have been breached, the matter will be referred to the SECP for further investigation and action.</p>
<p>Does Not Exist</p>	<p>No Change Proposed</p>	<p>20.4A.5 RAC may, considering the factors identified under 20.4A.3, recommend the Board to exercise disciplinary powers under clause 20.14.</p>
<p>Does Not Exist</p>	<p>No Change Proposed</p>	<p>20.4A.6 If RAC has reasons to believe that the broker, its sponsors, directors and/ or senior management officers are no longer fit and proper persons, it shall refer the matter to the Commission.</p>
<p>20.4.11. Where a TRE Certificate Holder is found to be in non-compliance with any provision of these PSX Regulations, and no specific penalty for such offence has been prescribed in these Regulations, the Exchange may impose a fine upto a maximum of Rs. 5 million.</p>	<p>20.4.11. Where a TRE Certificate Holder is found to be in non-compliance with any provision of these PSX Regulations, and no specific penalty for such offence has been prescribed in these Regulations, the Exchange may impose a fine upto a maximum of Rs. 5 million.</p>	<p>Agreed.</p>
<p>Does Not Exist</p> <p>20.5. DISCIPLINARY ACTIONS IN RESPECT OF AUDIT ACTIVITIES:</p>	<p>20.5. SPECIFIC DISCIPLINARY ACTIONS:</p> <p><u>In case it is established that a TRE Certificate Holder has failed to comply with any PSX Regulations in respect of matters specified in Clauses 20.5A, 20.5B, 20.5C, 20.5D, 20.6, 20.7, 20.8 and 20.9 below, the relevant authority may, in addition to or apart from the general disciplinary actions prescribed in sub-clause 20.4A.2., take any one or more of the specific disciplinary actions provided in the respective sub-clauses as aforesaid by considering the factor(s) laid down in Clause 20.4A.3.</u></p>	<p>20.5. SPECIFIC DISCIPLINARY ACTIONS:</p> <p>In case it is established that a TRE Certificate Holder has failed to comply with any PSX Regulation(s) in respect of matters specified in Clauses 20.5A, 20.5B, 20.5C, 20.5D, 20.6, 20.7, 20.8 and 20.9 below, the relevant authority may, in addition to or apart from the general disciplinary actions prescribed in sub-clause 20.4A.2., take any one or more of the specific disciplinary actions provided in the respective sub-clauses as aforesaid by considering the factor(s) laid down in Clause 20.4A.3.</p>

<p>20.5.1. If the audit report identifies any non-compliance(s) including that of the Articles, Regulations, Securities Rules and directives/notices/circulars/guidelines of the Exchange, Commission, etc., the CRO may, after giving the TRE Certificate Holder an opportunity of being heard and considering the severity and materiality of the non-compliances, take appropriate enforcement action including issuing warnings and imposing fines. The CRO may by order, direct the TRE Certificate Holder to pay a fine amounting to not less than Rs. 10,000/- but not exceeding Rs. 200,000/- per instance of non-compliance, in addition to the specific Penalty/enforcement action as provided in the relevant law, rules and regulations.</p> <p>20.5.2. If a TRE Certificate Holder fails to cooperate with the Auditor, the CRO shall upon receiving a written complaint from the Auditor, call a hearing of the TRE Certificate Holder and the Auditor and may issue a warning letter or may impose a fine not exceeding Rs.100,000/- on the said TRE Certificate Holder. If the TRE Certificate Holder, subsequent to the imposition of the said fine fails to cooperate with the Auditor or fails to pay the fine, the CRO shall refer the matter to RAC/Board as the case maybe for initiation of disciplinary actions under PSX Regulations.</p>	<p>20.5A. DISCIPLINARY ACTIONS IN RESPECT OF AUDIT ACTIVITIES:</p> <p>20.5A.1. If the audit report identifies any non-compliance(s) including that of the Articles, Regulations, Securities Rules and directives/notices/circulars/guidelines of the Exchange, Commission, etc., the CRO may, after giving the TRE Certificate Holder an opportunity of being heard, and considering the severity and materiality of the non-compliances, take appropriate enforcement action including issuing warnings and imposing fines. The CRO may by order, direct the TRE Certificate Holder to pay impose a fine amounting to not less than Rs 10,000/- but not exceeding Rs200,000/- per instance of non-compliance, in addition to the specific Penalty/enforcement action as provided in the relevant law, rules and regulations.</p> <p>20.5A.2. If a TRE Certificate Holder fails to cooperate with the Auditor, the CRO shall upon receiving a written complaint from the Auditor, call a hearing of the TRE Certificate Holder and the Auditor and may issue a warning letter or may impose a fine not exceeding Rs100,000/- on the said TRE Certificate Holder. If the TRE Certificate Holder, subsequent to the imposition of the said fine fails to cooperate with the Auditor or fails to pay the fine, the CRO shall refer the matter to RAC/Board as the case may be for initiation of disciplinary actions under PSX Regulations.</p>	<p>20.5A. DISCIPLINARY ACTIONS IN RESPECT OF AUDIT ACTIVITIES:</p> <p>20.5A.1. If the audit report identifies any non-compliance(s) including that of the Articles, Regulations, Securities laws and regulations Rules and directives/notices/circulars/guidelines of the Exchange, Commission, etc., the CRO may, after giving the TRE Certificate Holder an opportunity of being heard, impose a fine not less than Rs 10,000/- but not exceeding Rs. 200,000/- per instance of non-compliance, in addition to the specific Penalty/enforcement action as provided in the relevant law, rules and regulations.</p> <p>Same as proposed by PSX</p>
	<p>20.5B. DISCIPLINARY ACTIONS IN RESPECT OF COLLATERAL ACCOUNT SEGREGATION OF CLIENTS' ASSETS:</p>	<p>20.5B. DISCIPLINARY ACTIONS IN RESPECT OF COLLATERAL ACCOUNT <u>AND/OR</u> SEGREGATION OF CLIENTS' ASSETS:</p>

	<p><u>20.5B.1. Disciplinary actions in respect of Collateral Account:</u></p> <p><u>In case of non-compliance of sub-clause 4.18.1.(c) or 4.18.3 by a TRE Certificate Holder, the CRO may, after providing an opportunity of hearing in accordance with clause 20.4. hereinabove, impose a penalty on such TRE Certificate Holder equivalent to 1.0% of the market value of securities moved, subject to a maximum penalty of Rs.-100,000/-.</u></p> <p><u>20.5B.2. Disciplinary Actions in respect of Segregation of Clients' Assets:</u></p> <p><u>In case non-compliance with sub-clause 4.18.1.(a), 4.18.1(b) or 4.18.2 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 penalty equivalent to 2.0% of the funds and/or market value of securities moved, as the case may be, subject to a maximum Rs1 million on such TRE Certificate Holder.</u></p> <p><u>20.5B.3. Disciplinary Actions in respect of reporting of Clients' Assets Segregation Statement:</u></p> <p><u>In case non-compliance of Clause 4.18.6 (a) or 4.18.6 (b) by a TRE Certificate Holder is established, the CRO may, after providing an opportunity of being heard to the Broker in accordance with clause 20.4. hereinabove, take any of the following actions, as deemed appropriate, against the TRE Certificate Holder after issuing notice seeking explanation for such</u></p>	<p><u>20.5B.1. Disciplinary actions in respect of Collateral Account:</u></p> <p>In case of non-compliance of sub-clause 4.18.1.(c) or 4.18.3 by a TRE Certificate Holder, CRO may, after providing an opportunity of hearing in accordance with clause 20.4. hereinabove, impose a penalty on such TRE Certificate Holder equivalent to 1.0% of the market value of securities moved, subject to a maximum penalty of Rs. <u>1 million 000,000/-.</u></p> <p><u>20.5B.2. Disciplinary Actions in respect of Segregation of Clients' Assets:</u></p> <p>In case non-compliance with sub-clause 4.18.1.(a), 4.18.1(b) or 4.18.2 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 penalty equivalent to <u>2.0%</u> of the funds and/or market value of securities moved, as the case may be, subject to a maximum of Rs. <u>12 million</u> on such TRE Certificate Holder.</p> <p><u>20.5B.3. Disciplinary Actions in respect of reporting of Clients' Assets Segregation Statement:</u></p> <p>In case non-compliance of Clause 4.18.6 (a) or 4.18.6 (b) by a TRE Certificate Holder is established, the CRO may, after providing an opportunity of being heard to the Broker in accordance with clause 20.4. hereinabove, <u>impose a penalty of Rs. 100,000 and after issuing notice for seeking explanation for of such non-compliance within three (3) trading days of issuance of notice</u></p>
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	<p><u>non-compliance within three (3) trading days of issuance of notice:</u></p> <p>(a) <u>switch off all trading terminals, except one; in case of non-submission of requisite information or unsatisfactory explanation; and/or</u></p> <p>(b) <u>impose penalty of Rs10,000 for each trading day of default, subject to a maximum penalty of Rs100,000;</u></p>	<p>(a) switch off all trading terminals, except one; in case of non-submission of requisite information or unsatisfactory explanation; and/or</p> <p>(b) impose penalty of Rs10,000 for each trading day of default, subject to a maximum penalty of Rs100,000;</p>
	<p>20.5C. DISCIPLINARY ACTIONS IN RESPECT OF CONFIRMATION OF CLIENTS' ORDERS BY TRE CERTIFICATE HOLDERS/ BROKERS:</p> <p><u>In case of non-compliance with Clause 4.19, the CRO may, after providing an opportunity of being heard to the Broker in accordance with clause 20.4. hereinabove, impose a fine not less than Rs10,000/- but not more than Rs25,000/- per default.</u></p>	<p>20.5C. DISCIPLINARY ACTIONS IN RESPECT OF CONFIRMATION OF CLIENTS' ORDERS BY TRE CERTIFICATE HOLDERS/ BROKERS:</p> <p>In case of non-compliance with Clause 4.19 CRO may, after providing an opportunity of being heard to the Broker in accordance with clause 20.4. hereinabove, impose a fine not less than Rs. 20,000 40,000/- but not more than Rs. 50,000 25,000/- per default.</p>
	<p>20.5D. DISCIPLINARY ACTIONS IN RESPECT OF TRADING BY EMPLOYEES OF BROKERAGE HOUSES:</p> <p><u>The CRO may, after providing an opportunity of being heard to the Broker in accordance with clause 20.4. hereinabove, impose a fine not more than Rs100,000/- on the TRE Certificate Holders for any single breach/violation of Clause 4.21 hereinabove including the Code of Conduct by the TRE Certificate Holders or their employees.</u></p>	<p>Same as proposed by PSX</p> <p>The CRO may, after providing an opportunity of being heard to the Broker in accordance with clause 20.4. hereinabove, impose a fine not more than Rs100,000/- on the TRE Certificate Holders for any single breach/violation of Clause 4.21 hereinabove including the Code of Conduct by the TRE Certificate Holders or their its employees.</p>
<p>20.6. DISCIPLINARY ACTIONS IN RESPECT OF PROPRIETARY TRADING ACTIVITIES:</p>	<p>20.6. DISCIPLINARY ACTIONS IN RESPECT OF PROPRIETARY TRADING ACTIVITIES:</p>	

<p>If a TRE Certificate Holder contravenes with any provisions of chapter 7 of PSX Regulations, the CRO may, after giving him an opportunity of hearing, by order:</p>	<p>If a TRE Certificate Holder contravenes with any provisions of Chapter 7 of PSX Regulations, the CRO may, after giving him an opportunity of hearing <u>in accordance with clause 20.4. hereinabove</u>, by order <u>in writing take any one or both of the following disciplinary actions against such TRE Certificate Holder:</u></p>	<p>If a TRE Certificate Holder contravenes with any provisions of Chapter 7 of PSX Regulations, the CRO may, after giving him an opportunity of hearing in accordance with clause 20.4. hereinabove,, by order in writing take any one or both of the following disciplinary actions against such TRE Certificate Holder:</p>
<p>(a) Direct the TRE Certificate Holder to pay a penalty of up to a maximum of Rs.100,000/- per contravention.</p> <p>(b) Suspend the TRE Certificate of a TRE Certificate Holder for a period determined by the Board from time to time.</p>	<p>(a) Direct the TRE Certificate Holder to pay <u>Impose a penalty fine not exceeding of up to a maximum of Rs100,000/- per contravention.</u></p> <p>(b) Suspend the TRE Certificate of a TRE Certificate Holder <u>trading terminals</u> for a period determined by the Board from time to time.</p>	<p><u>Impose a fine not exceeding Rs. 200,000 100,000/- per contravention.</u></p> <p>Same as proposed by PSX</p>
<p>20.7. DISCIPLINARY ACTIONS IN RESPECT OF TRADING SYSTEM ACTIVITIES:</p> <p>The CRO shall, upon violation or non-compliance of any provision of chapter 8 and chapter 8B:</p> <p>(a) Direct the Broker to take necessary action to remedy the breach;</p> <p>(b) Broker may be cautioned or reprimanded;</p> <p>(c) Impose restrictions on, or suspend, or terminate the access to the facilities in Trading System;</p> <p>(d) Impose penalties at its sole discretion, which may be financial i.e. maximum penalty of Rs.500,000/- and/or which may include suspension of trading up to a period of three</p>	<p>20.7. DISCIPLINARY ACTIONS IN RESPECT OF TRADING SYSTEM ACTIVITIES:</p> <p>The CRO shall, upon violation or <u>in the event of non-compliance</u> of any provision of Chapter 8 and chapter 8B, <u>after providing an opportunity of being heard to the TRE Certificate Holder in accordance with clause 20.4. hereinabove, take any one or both of the following disciplinary actions against such TRE Certificate Holder:</u></p> <p>(a) Direct the Broker to take necessary action to remedy the breach;</p> <p>(b) Broker may be cautioned or reprimanded;</p> <p>(c) Impose restrictions on, or suspend, or terminate the access to the facilities in Trading System;</p> <p>(a) <u>Impose penalties fine not exceeding at its sole discretion, which may be financial i.e. maximum penalty of Rs 500,000/- Rs. 1 million.</u></p>	<p>20.7. DISCIPLINARY ACTIONS IN RESPECT OF TRADING SYSTEM ACTIVITIES:</p> <p>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 to the TRE Certificate Holder in accordance with clause 20.4. hereinabove, take any one or both of the following disciplinary actions against such TRE Certificate Holder:</p> <p>Same as proposed by PSX</p>

<p>(3) months and on second or third violation suspension of trading may be extended to 1-2 years.</p>	<p>(b) and/or which may include suspension of 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.</p>	
<p>20.8. DISCIPLINARY ACTIONS IN RESPECT OF MARKET MAKING ACTIVITIES:</p> <p>20.8.3. In case of exceptional circumstances affecting the market, which result in significant order imbalance, the CRO may, on the request of the Market Maker, allow suspension of market making activities in the Designated Products for the requested period.</p> <p>20.8.7. All the above mentioned actions of suspension/restriction and/or imposition of financial penalty on TRE Certificate Holders, by the CRO, shall be ratified by the RAC within 48 hours to give effect to the decision.</p>	<p>20.8. DISCIPLINARY ACTIONS IN RESPECT OF MARKET MAKING ACTIVITIES:</p> <p>20.8.3. In case of exceptional circumstances affecting the market, which result in significant order imbalance, the CRO <u>under intimation to the Commission</u> may, on the request of the Market Maker, allow suspension of market making activities in the Designated Products for the requested period.</p> <p>20.8.7. All the above mentioned actions of suspension $\frac{1}{2}$ restriction and/or imposition of financial penalty on TRE Certificate Holders by the CRO and to give effect to such decision the same shall be ratified by the RAC <u>in its meeting or through resolution by circulation</u> within 48 hours <u>three trading days commencing from the next day of such action.</u></p>	<p>Same as proposed by PSX</p> <p>20.8.7. All the above mentioned actions of suspension, restriction and/or imposition of financial penalty on TRE Certificate Holders by the CRO and to give effect to such decision the same shall be ratified by the RAC in its meeting or through resolution by circulation within three trading working days commencing from the next day of such action.</p>
<p><u>New Insertion</u></p>	<p>20.14: DISCIPLINARY POWERS OF THE BOARD:</p> <p><u>Without prejudice to the generality of the powers vested in the Board and in addition to the disciplinary actions/powers envisaged under clause 20.4A that the CRO, sub-committee of RAC or RAC (as the case may be) may take the Board may further exercise any one or more of the following disciplinary powers against a TRE Certificate Holder pursuant to clause 20.1:</u></p> <p>(a) <u>Call upon a Chief Executive Officer and/or the Senior Management Officer of the TRE</u></p>	<p>20.14: DISCIPLINARY POWERS OF THE BOARD:</p> <p>Without prejudice to the generality of the powers vested in the Board and in addition to the disciplinary actions/powers envisaged under clause 20.4A that the CRO, sub-committee of RAC or RAC (as the case may be) may take, the Board may further exercise any one or more of the following disciplinary powers against a TRE Certificate Holder pursuant to clause 20.1:</p> <p>(a) <u>Call upon a Chief Executive Officer and/or the Senior Management Officer of the TRE</u></p>

	<p><u>Certificate Holder, by written notice, to resign within five (5) trading days of the date of such notice; failing which, the Board may exercise any of the powers laid down herein below including forfeiture of TRE Certificate;</u></p> <p><u>(b) Require the TRE Certificate Holder to surrender its TRE Certificate;</u></p> <p><u>(c) Impose a fine up to a maximum of Rs5 million;</u></p> <p><u>(d) Restrict, suspend or cancel the market making activities of the TRE Certificate Holder in a particular market / product available for trading at the Exchange or its status as Authorized Participant in case of ETF on such terms and for such period as the Board may deem fit;</u></p> <p><u>(e) 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;</u></p> <p><u>(f) Restrict or suspend TRE Certificate Holder's trading activities in a particular market / product available for trading at the Exchange on such terms and for such period as the Board may deem fit;</u></p> <p><u>(g) Suspend a TRE Certificate on such terms and for such period as the Board may deem fit;</u></p> <p><u>(h) Cancel / Forfeit / Revoke TRE Certificate;</u></p> <p><u>(i) Recommend to the Commission to suspend or revoke the registration of a Representative of the TRE Certificate Holder; and/or</u></p> <p><u>(j) Take any other action as the Board may deem fit; subject to prior consultation with the Commission.</u></p>	<p>Certificate Holder, by written notice, to resign within five (5) trading days of the date of such notice; failing which, the Board may exercise any of the powers laid down herein below including forfeiture of TRE Certificate;</p> <p>(b) Require the TRE Certificate Holder to surrender its TRE Certificate;</p> <p>(a) Impose a fine up to a maximum of Rs. 5 million;</p> <p>(b) Restrict, suspend or cancel the market making activities of the TRE Certificate Holder in a particular market / product available for trading at the Exchange or its status as Authorized Participant in case of ETF on such terms and for such period as the Board may deem fit;</p> <p>(c) 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>(d) Restrict or suspend TRE Certificate Holder's trading activities in a particular market / product available for trading at the Exchange on such terms and for such period as the Board may deem fit;</p> <p>(e) Suspend a TRE Certificate on such terms and for such period as the Board may deem fit;</p> <p>(f) Cancel / Forfeit / Revoke TRE Certificate;</p> <p>(g) Recommend to the Commission to suspend or revoke the registration of a Representative of the TRE Certificate Holder; and/or</p> <p>(h) Take any other action as the Board may deem fit; subject to prior consultation with the Commission.</p>
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<p><u>New Insertion</u></p>	<p>20.15. GENERAL:</p> <p><u>20.15.1. Where a TRE Certificate Holder is found guilty of non-compliance with any provision of PSX Regulations, and no specific penalty for such non-compliance has been prescribed in the PSX Regulations, the following amount of fine may be imposed:</u></p> <p><u>(a) Up to a maximum of Rs. 1 million by CRO;</u> <u>(b) Up to a maximum of Rs. 5 million by RAC.</u></p> <p><u>20.15.2.</u> Notwithstanding any disciplinary proceedings being instituted against the TRE Certificate Holder or any conditions being imposed upon it and/or any of its rights being suspended a TRE Certificate Holder shall continue to remain bound by PSX Regulations and the disciplinary procedures of the Exchange.</p> <p><u>20.15.3. Provided that w-Where the Board has ordered for forfeiture of TRE Certificate of a TRE Certificate Holder under this Chapter and if such TRE Certificate Holder has:</u></p> <p>(a) a subsisting right to transfer its TRE Certificate; and (b) such TRE Certificate is a component of the Base Minimum Capital BMC maintained by such TRE Certificate Holder under the Regulations Governing Risk Management Regulations.</p> <p>such TRE Certificate will not be cancelled and instead shall be forfeited and transferred by the Exchange and proceeds shall be utilized under these Regulations and all the provisions of these Regulations applicable consequent upon cancellation of TRE Certificate shall continue to</p>	<p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>(b) such TRE Certificate is a component of the BMC maintained by such TRE Certificate Holder under Chapter 19 of the PSX Regulations the Regulations Governing Risk Management Regulations. PSX Regulations.</p>
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	<p>remain applicable on the TRE Certificate holder treating it as if its TRE Certificate has been cancelled.</p> <p>20.15.4. LIABILITIES</p> <p>(a) A TRE Certificate Holder who shall for any reason have ceased to be a TRE Certificate Holder of the Exchange shall nevertheless remain liable for and shall pay to the Exchange all monies, which at the time of his <u>it</u> ceasing to be a TRE Certificate Holder shall have been due by him to the Exchange.</p> <p>(b) The Exchange, its directors, employees, or representatives or any other person or entity associated with the Exchange shall have no liability whatsoever for any losses, damages, claims, legal costs or other expenses that a TRE Certificate holder may suffer or incur, whether directly or indirectly (including any loss of profit or any damage or reputation) by reason of any disciplinary proceedings instituted or disciplinary measures taken pursuant to PSX Regulations.</p>	<p>Same as proposed by PSX</p> <p>Same as proposed by PSX</p> <p>20.15.5 All penalties collected by the Exchange through powers exercised under these regulations shall be deposited in the Investor Protection Fund.</p>
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NOTE: Due to above proposed amendments, the numbers of existing clauses/sub-clause shall be amended accordingly.

End of Proposed Amendments