PAKISTAN STOCK EXCHANGE LIMITED
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URL: www.psx.com.pk Email: info@psx.com.pk

PSX/N-772 **NOTICE** June 23, 2021

INVITATION OF PUBLIC COMMENTS

PROPOSED AMENDMENTS IN RELATION TO INTRODUCTION OF REGULATORY FRAMEWORK GOVERNING SINGLE STOCK OPTIONS CONTRACTS MARKET IN PAKISTAN STOCK EXCHANGE LIMITED (PSX) REGULATIONS

This is to inform the public that the PSX, in exercise of power conferred upon it under section 7 of the Securities Act, 2015, is proposing to carry out amendments to PSX Regulations in relation to the introduction of regulatory framework governing Single Stock Options Contracts (SSOC) as a new Chapter 15A of PSX Regulations.

Globally, underlying assets for which option contracts are offered include single stocks, commodities and renowned market indices. The options have become an indispensable tool for the securities industry globally and are used extensively by the mutual funds, brokerage firms, speculators, hedgers and various other financial institutions.

The salient features of SSOC regulations are as below:

1. **Options Style:**

   European style put and call options shall be introduced. European style options can only be exercised at the expiration date of the contract.

2. **Mode of Settlement:**

   SSOC will be settled physically.

3. **Contract Terms:**

   Following would be the standard terms of contract:

Parameters	Description
Contract maturity	90 Days
Opening of contract	First trading day following the last Friday of calendar month.
Expiry of contract	Last Friday of the expiry month .
Tick size	Rs. 0.01 (Premium per underlying share)
Option style	European
Contract multiplier	500 shares or any other quantity as may be determined by the Exchange from time to time.
Price limit	As per Chapter 19 of PSX Regulations
Settlement	Physical settlement
Delivery date	T+2

4. **Exercise Price Intervals:**

Following will be the price interval slabs:

No.	Underlying Security Price From (PKR)	Underlying Security Price To (PKR)	Strike Price Interval
1	0.01	0.99	0.10
2	1.00	1.99	0.20
3	2.00	2.99	0.30
4	3.00	4.99	0.50
5	5.00	9.99	1.00
6	10.00	19.99	2.00
7	20.00	49.99	5.00
8	50.00	99.99	10.00
9	100.00	149.99	15.00
10	150.00	199.99	20.00
11	200.00	249.99	25.00
12	250.00	299.99	30.00
13	300.00	399.99	40.00
14	400.00	499.99	50.00
15	500.00	599.99	60.00
16	600.00	699.99	70.00
17	700.00	799.99	80.00
18	800.00	899.99	90.00
19	900.00	999.99	100.00
20	1000.00	Above	200.00

Since these slabs are operational in nature, PSX will be notifying the same on its website and the same will not from part of PSX Regulations.

5. **Minimum Required Moneyness:**

PSX will open 3 ITM, 3 OTM and 1ATM contracts at each contract opening/ listing day. This means that at the time of contract opening, there will be seven new contracts for call and put options each, i.e. total 14, on same underlying security.

Further, exchange shall also ensure 3 ITM, 3 OTM and 1 ATM contracts that shall be available in the market at opening of each trading day. This means that on each trading day, if the required minimum number of ITM, OTM and ATM are not available, then exchange shall open the remaining single stock options with desired moneyness on such underlying in the same expiring month with new exercise prices.

6. **Eligible Securities:**

In order to provide consistency in derivative market and for the benefit of hedging across different markets, PSX is proposing to keep the same eligibility criteria for SSOC market as for futures market i.e. "Futures Eligibility Criteria for selection of securities eligible for trading in DFC and CSF markets".

7. **Uncovered Short Call Positions:**

There will be restrictions on uncovered short position in underlying security applicable due to physical settlement. For short call options, the position will technically be similar to short futures position in Deliverable Futures Contract Market and it is proposed to adopt the same limits and disclosure requirement i.e. "up to 0.5% of the Free-Float of a scrip or Rs.50 million, whichever is higher on UIN basis subject to maximum of 3.0% of the Free-Float of a scrip by a broker".

8. **Corporate Adjustment:**

Options contracts will be adjusted if the underlying stock undergoes a reorganization that directly affects the original terms of its options. This can include stock splits, special dividends (one time), and bonus shares. A two-for-one stock split, for instance, will result in twice the number of shares but at half the price. The holder of an option contract as a result of a two-for-one stock split will thus be granted twice as many option contracts but at half the original strike price.

No such adjustment would be required at time of normal cash dividend as premium prices will have to be adjusted with respect to change in underlying price. Corporate announcements will only affect the existing contracts and not the new contracts. New contracts will open on ex-basis.

INVITATION OF PUBLIC COMMENTS:

In terms of Section 7(3) of the Securities Act, 2015, all interested parties are invited to provide written comments on the proposed regulatory amendments, which are attached herewith as **Annexure A**. The comments can be submitted through any of the following modes latest by **June 29, 2021** in the manner as suggested in the 'Guidelines for Submission of Comments' attached herewith as **Exhibit A**:

Email	comments.rad@psx.com.pk
Mail	The Chief Regulatory Officer, Regulatory Affairs Division, 2nd Floor, Administration Building, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi – 74000.

AJEET KUMAR
Chief Regulatory Officer

Cc:

1. The Director/HOD (PRDD), SMD, SECP
2. The Chief Executive Officer, PSX
3. The Chief Executive Officer, CDC
4. The Chief Executive Officer, NCCPL
5. The Chief Executive Officer, PMEX
6. The Chief Executive Officer, IFMP
7. All Heads of Departments, PSX
8. PSX Website

"ANNEXURE A"

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO INTRODUCTION OF REGULATIONS GOVERNING SINGLE STOCK OPTIONS CONTRACTS MARKET AS A NEW CHAPTER 15A OF PSX REGULATIONS

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 2: INTERPRETATION AND DEFINITIONS		
2.4. GENERAL DEFINITIONS:	**2.4. GENERAL DEFINITIONS:**	Regulations governing Single Stock Options Contracts are proposed to be newly introduced as Chapter 15A in PSX Regulations. Accordingly, necessary amendments are being proposed in this regard in clause 2.4 of PSX Regulations.
iii. All Markets means the different markets provided by the Exchange and are governed under these Regulations which include Ready Delivery Contract Market (which includes Odd Lots market), Deliverable Futures Contract Market, Cash-Settled Futures Contract Market, Stock Indices Futures Contract Market, Index Options Market, Debt Securities Market and any other market which the Board may provide for with the prior approval of the Commission and individually referred to as a "Market";	**iii. All Markets** means the different markets provided by the Exchange and are governed under these Regulations which include Ready Delivery Contract Market (which includes Odd Lots market), Deliverable Futures Contract Market, Cash-Settled Futures Contract Market, Stock Indices Futures Contract Market, ~~Index~~ Options Market, Debt Securities Market and any other market which the Board may provide for with the prior approval of the Commission and individually referred to as a "Market";	
xxiii. Derivative Contracts means Deliverable Futures Contract, Cash Settled Futures Contract, Stock Index Futures Contract and Index Options Contract;	**xxiii. Derivative Contracts** means Deliverable Futures Contract, Cash Settled Futures Contract, Stock Index Futures Contract and ~~Index~~ Options Contract;	
xlvi. Futures Contract Include: (a) Deliverable Futures Contract, Cash-Settled Futures Contract, Stock Indices Futures Contract and Index Option Contract; and (b) any of the following contracts: (i) an arrangement where one party agrees to enter into a contract to deliver a specified number of securities or financial instruments, to another party at a specified future time and at a specified price payable at that time; or (ii) where the parties agree to discharge their obligations under the contract by settling the	**xlvi. Futures Contract** Include: (a) Deliverable Futures Contract, Cash-Settled Futures Contract **and**~~,~~ Stock Indices Futures Contract ~~and Index Option Contract~~; and (b) any of the following contracts: (i) an arrangement where one party agrees to enter into a contract to deliver a specified number of securities or financial instruments, to another party at a specified future time and at a specified price payable at that time; or (ii) where the parties agree to discharge their obligations under the contract by settling the	

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
difference between the value of a specified number of securities or financial instruments agreed at the time of the making of the contract and at a specified future time; or (iii) such other futures contract or class of futures contracts or derivative contracts as prescribed by the Commission, and includes options on contracts of the kind described in paragraph (i), (ii) or (iii); Provided these contracts are permitted to be traded on the Exchange under these Regulations.	difference between the value of a specified number of securities or financial instruments agreed at the time of the making of the contract and at a specified future time; or (iii) such other futures contract or class of futures contracts or derivative contracts as prescribed by the Commission, and includes options on contracts of the kind described in paragraph (i), (ii) or (iii); Provided these contracts are permitted to be traded on the Exchange under these Regulations.	
xlvi.A. Futures Eligibility Criteria means the eligibility criteria for selection of eligible securities for trading in the Deliverable Futures Contract Market and Cash Settled Futures Contract Market as prescribed by the Exchange and duly approved by the Commission;	**xlvi.A. Futures Eligibility Criteria** means the eligibility criteria for selection of eligible securities for trading in the Deliverable Futures Contract Market, ~~and~~ Cash Settled Futures Contract Market **and Single Stock Options Contracts Market** as prescribed by the Exchange and duly approved by the Commission;	In order to provide consistency in derivative market and for the benefit of hedging across different markets, PSX is proposing to keep the same eligibility criteria for SSOC market as for Futures Markets i.e. "Futures Eligibility Criteria for selection of securities eligible for trading in DFC and CSF markets".
xlii.b. Index Options Market means a Market made available by the Exchange for trading in Option Contracts as stipulated in Chapter 15 of the PSX Regulations;	~~**xlii.b. Index Options Market**~~ ~~means a Market made available by the Exchange for trading in Option Contracts as stipulated in Chapter 15 of the PSX Regulations;~~	This definition has been replaced with 'Options Market'

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
l. Mark-to-Market Loss or MtM Loss means an amount payable by a Broker at any point in time during a trading day on account of trades executed on behalf of its clients, as well as its proprietary unsettled position in any security, to the Clearing House or NCCPL due to the difference between the Transaction Price, on trade to trade basis, of the unsettled position in each security and the Closing Price of that security. In the case of Index Options Contracts, Mark to Market Loss shall mean an amount payable by a Broker at any point in time during a trading day on account of unsettled short positions of its clients, as well as its proprietary unsettled short positions in Options Contracts as Option Writer and/or Option Seller, due to the difference between the Exercise Price of the Option Contract and the corresponding Daily Settlement Price determined in accordance with the Regulations Governing Index Options Contracts;	**l. Mark-to-Market Loss or MtM Loss** means an amount payable by a **Securities** Broker at any point in time during a Trading Day on account of trades executed on behalf of its clients, as well as its proprietary unsettled position in any security, to the Clearing House or NCCPL due to the difference between the Transaction Price, on trade to trade basis, of the unsettled position in each security and the Closing Price of that security. In the case of ~~Index~~ Options Contracts, Mark to Market Loss shall **be collected by NCCPL in accordance with NCCPL Regulations** ~~mean an amount payable by a Broker at any point in time during a Trading Day on account of unsettled short positions of its clients, as well as its proprietary unsettled short positions in Options Contracts as Option Writer and/or Option Seller, due to the difference between the Exercise Price of the Option Contract and the corresponding Daily Settlement Price determined in accordance with the Regulations governing Index Options Contracts~~;	appearing below. MtM losses/ profits are collected by NCCPL in accordance with its Regulations. Accordingly, such reference has been given in these clauses.
li. Mark-to-Market Profit or MtM Profit means amount receivable by a Broker at the end of each day on account of contracts executed on behalf of its clients, as well as its proprietary unsettled position in any security, from Clearing House or NCCPL due to the difference between Transaction Price, on trade to trade basis, of the unsettled position in each security and the Daily Settlement Price of that Security. In the case of Index Options Contracts, Mark to Mark Profit shall mean an amount receivable by a Broker at any point in time during a trading day on account of Option Contracts purchased	**li. Mark-to-Market Profit or MtM Profit** means amount receivable by a **Securities** Broker at the end of each day on account of contracts executed on behalf of its clients, as well as its proprietary unsettled position in any security, from Clearing House or NCCPL due to the difference between Transaction Price, on trade to trade basis, of the unsettled position in each security and the Daily Settlement Price of that Security. In the case of ~~Index~~ Options Contracts, Mark to Mark Profit shall **be collected by NCCPL in accordance with NCCPL Regulations** ~~mean an amount receivable by a Broker at any point in~~	

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
on behalf of its clients, as well as its proprietary buy positions in the Option Contracts as an Option holder/ buyer, due to the difference between the Exercise Price of the Option Contract and the corresponding Daily Settlement Price determined in accordance with these Regulations governing Index Option Contracts;	~~time during a Trading Day on account of Option Contracts purchased on behalf of its clients, as well as its proprietary buy positions in the Option Contracts as an Option holder/ buyer, due to the difference between the Exercise Price of the Option Contract and the corresponding Daily Settlement Price determined in accordance with these Regulations governing Index Options Contracts~~;	
New Insertion	**lxx.A. Options Market** **means Index Option Contracts Market, as stipulated in Chapter 15 of these Regulations and Single Stock Options Contracts Market, as stipulated in Chapter 15A of these PSX Regulations;**	This definition has been newly inserted to specify both Index and Single Stock Options Contracts Markets.
xciii. Theoretical Price means the Closing Price of a Security for Deliverable Futures Contract and/or Cash-Settled Futures Contracts Markets, if there is no trading in such Security in the respective Market during whole trading day, to be determined as per methodology prescribed under Chapter 19 (Risk Management Regulations);	**xciii. Theoretical Price** **For Deliverable Futures Contract and/or Cash-Settled Futures Contracts Markets, the Theoretical Price will be the Closing Price of a Security. If there is no trading in such Security in the respective Market during whole trading day, then the Theoretical Price to be determined as per methodology prescribed under Chapter 19 of these Regulations.** **For Options Market, the Theoretical Price will be calculated based on Black Scholes Model.** ~~means the Closing Price of a Security for Deliverable Futures Contract and/or Cash-Settled Futures Contracts Markets, if there is no trading in such Security in the respective Market during whole trading day, to be determined as per methodology prescribed under Chapter 19 (Risk Management Regulations);~~	This part has been reworded for clarity. Coverage for Options Market is given here.

CHAPTER 15A: SINGLE STOCK OPTIONS CONTRACTS MARKET REGULATIONS

15A.1. DEFINITIONS:

In this chapter, unless the subject or context otherwise requires:

(a) "At-The-Money" shall mean when the Exercise Price of the Option Contract is at the same level as the Exercise Settlement Price of Underlying Security;

(b) "Call Option" shall mean, the Option Contract which gives the buyer/holder a right to buy the Underlying Security at the Exercise Price at the Expiration as per the terms of these Regulations;

(c) "Contract Multiplier" shall mean 500 shares or any other quantity, as may be prescribed and notified by the Exchange from time to time;

(d) "European Style Option Contract" shall mean, an Option Contract, which shall only be exercised on the Expiration Day;

(e) "Exercise Price Interval" shall mean, the gap to be maintained between any two successive Exercise Prices as specified in the contract specifications of each Option Contract which the Exchange may notify and prescribe from time to time;

(f) "Exercise Price" shall mean a fixed price of the Underlying Security at which the buyer/holder of Option Contract have right (not obligation) to buy (in case of Call Option), or sell (in case of Put Option) as per these Regulations;

(g) "Exercise Settlement Price" shall mean, the Closing Price of Underlying Security in case of European Style Option Contract;

(h) "Expiration Day" shall mean the day on which the final settlement obligations are determined in the Option Contract;

(i) "In-The-Money" shall mean:

   i. in case of Call Option, when the Exercise Price of the Option Contract is less than Exercise Settlement Price; and

   ii. in case of Put Option, when the Exercise Price of the Option Contract is higher than the Exercise Settlement Price.

(j) "Open Interest" shall mean the total value and number of Option Contracts of a Securities Broker and its clients in a particular Underlying Security which have not been subject of offsetting transactions nor reached Expiration Day. For calculation of Open Interest only one side of the Option Contract is counted;

(k) "Option Contract" shall mean, a standardized Option Contract which gives the buyer/holder of the Option Contract the right (but not the obligation) to buy and/or sell the Underlying Security at the Exercise Price subject to these Regulations and as per the contract specifications provided in Annexure-A;

(l) "Option Series" shall mean, all Option Contracts of a particular Underlying Security having same Exercise Price and Expiration Day;

(m) "Option Type" shall mean the classification of an option as either a Put or a Call;

(n) "Option Writer" shall mean a Securities Broker that opens options position (call or put) either for its proprietary account or on behalf of the clients to collect a premium payment from the option buyer. Writers can sell call or put options that are covered or uncovered (blank).

(o) "Out-Of-The-Money" shall mean:

   i. in case of Call Option, when Exercise Price of the Option Contract is higher than the Exercise Settlement Price; and

ii. in case of Put Option, when Exercise Price of the Option Contract is less than the Exercise Settlement Price.

(p) "Premium" shall mean the price obtained by the option writer from the option buyer for the rights conveyed by the Option Contract. Premium shall be quoted in Pakistani rupees on per share basis;

(q) "Put Option" shall mean the Option Contract which gives the buyer/holder a right to sell the Underlying Security at an Exercise Price at the Expiration Day as per the terms of these Regulations;

(r) "Underlying Security" shall mean, the Securities selected on the basis of Futures Eligibility Criteria for selection of securities eligible for trading in Deliverable Futures Contract Market and Cash-Settled Futures Contract Market or any other basis as may be devised by the Exchange for the purpose of trading in Single Stock Options Contract Market.

15A.2. TRADING:

15A.2.1. Trading in Option Contracts shall take place only through the Trading System.

15A.2.2. Any Securities Broker may enter into Option Contracts under these Regulations subject to prior notification in writing and payment of basic deposit of the requisite amount as may be specified in the Schedule of Charges. This deposit along with any return earned on it is to be kept separate by the Exchange and cannot be used for purposes other than to meet any obligations of the Securities Broker to the Exchange arising from the such market.

Provided further that in case of default of a Securities Broker, this deposit shall be utilized in accordance with the Chapter 21 of these Regulations.

15A.2.3. All Option Contracts shall be on standard terms as per the format attached as Annexure-A with this chapter.

15A.2.4. The Option Contract as specified in these Regulations shall be deemed to have been executed into when a buyer/seller accepts a bid/offer in the Single Stock Options Contracts Market.

15A.2.5. All offers/bids made may be accepted for or up to the limit of the offer/bid as prescribed by the Exchange from time to time and the Securities Broker making an offer/bid shall be bound by the terms of the Option Contract.

15A.2.6. Upon opening of any Option Contract, the Exchange shall notify the name of the Option Contract, the date of opening and closing of such Option Contract, the date of settlement and other relevant details governing such Option Contract as mentioned in Annexure-A to this chapter.

15A.2.7. There shall be a minimum of fourteen standardized 90 days Option Contracts which shall be issued each month on the first Trading Day following last Friday of each calendar month for each Underlying Security.

15A.2.8. **The Exchange shall ensure that three In-The-Money, three Out-Of-The-Money and one At-The-Money Option Contracts in each Option Type shall remain available for trading at all times.**

15A.2.9. **All At-The-Money Option Contracts shall, for the purpose of exercise be considered the same as Out-Of-The-Money Option Contracts and expire without getting exercised at the end of the Option Contract. All Out-Of-The-Money Option Contracts shall expire without getting exercised at the end of the Option Contracts.**

15A.2.9. **The Expiration Day for the 90 days Option Contracts shall be the last Friday of the expiry month of the Option Contract. If the last Friday is a trading holiday the Option Contract shall expire on the preceding Trading Day.**

15A.2.10. **The Exchange shall issue Single Stock Options Contracts of same Expiration Day at new Exercise Prices on real-time basis using Exercise Price Intervals as notified by the Exchange from time to time.**

15A.2.11. **Trading shall be permitted only in available Option Series and opening of new Option Series shall not affect other Option Series opened previously.**

15A.2.12. **The Securities Brokers shall be allowed, on its proprietary account or on clients' accounts, to write an Option Contract without any open purchase position in such Option Series in the respective account. Provided that a buyer/holder of an Option Contract may sell an Option Contract in the same Option Series only to the extent of squaring up an earlier open purchase position in the same Option Series.**

15A.2.13. **There shall be no adjustment for cash dividend. In case of special dividends, bonus and right issue in the Option Contracts, there shall be adjustment in the manner as prescribed by the Exchange.**

15A.2.14. **The Exchange shall determine Daily Option Settlement Price as follows:**

(a) When the cumulative volume in a listed contract crosses a certain threshold, as determined by the Exchange, then the Daily Option Settlement Price of that listed contract shall be determined as Volume Weighted Average price of trades of such minutes before closing of the market, as determined by the Exchange.

(b) Where the price is determined using the above method, then the same shall pass the following checks of implied volatility and intrinsic value as mentioned below:

(i) If the settlement price is not greater than intrinsic value, it is invalid.

(ii) If the implied volatility based on the settlement price and computed using Black Scholes model is greater than X times of historical volatility, then the settlement price is invalid, where X is configurable by the Exchange.

(c) Where there is no trade on any Trading Day or no such valid settlement prices are available using step (a) and (b) above, then the Daily Option Settlement Price of that listed contract shall be calculated based on Black-Sholes Model.

15A.2.15. The Exchange shall place on its website necessary and relevant information with respect to Open Interest and other ancillary trading information on daily basis along with any other report that the Exchange and/or the Commission intends to make available to the public.

15A.3. CLEARING, SETTLEMENT AND RISK MANAGEMENT:

15A.3.1. The Option Writer would be subject to all applicable margins and MtM Losses as prescribed in NCCPL Regulations, as amended from time to time.

15A.3.2. Margins shall be applicable on the buyer of the Option Contract in accordance with NCCPL Regulations, which shall be levied on real-time basis, till the completion of pay-in towards Premium settlement.

15A.3.3. The Premium shall be payable by buyer/holder of the Option Contract in cash on T+0 basis and distributed onwards by NCCPL to the Option Writer in accordance with NCCPL Regulations.

15A.3.4. MtM Losses, determined by NCCPL at the end of a Trading Day, shall be collected by NCCPL in accordance with NCCPL Regulations.

15A.3.5. The treatment of MtM Profits shall be in the manner as prescribed under NCCPL Regulations.

15A.3.6. Exercise Settlement shall take place on T+2 after expiry of the Options Contract. The resulting profits or losses, calculated on the basis of Exercise Settlement Price shall be settled physically. The collection and payment of profits or losses on Exercise Settlement to/from Securities Brokers shall be done by the NCCPL in the prescribed manner as per NCCPL Regulations.

15A.3.7. The position limits in the Options Market shall be in accordance with NCCPL Regulations.

15A.3.8. For the purpose of determining Securities Broker-level and client level Open Interest for calculation of Position Limits, netting shall be in the manner as prescribed under NCCPL Regulations.

15A.4. BLANK SALE AND COMPLIANCE:

15A.4.1. A Securities Broker on its proprietary account or client's account in Options Market shall execute:

(a) Short Call Option through normal sale order window in the Trading System if the Securities Broker or the client, as the case may be, either owns the securities or has a Pre-Existing Interest;
(b) Short Call Option (whether covered or uncovered) through special order window designed in the Trading System for Blank Sale;

(c) The combined quantum or value of short Call Option (whether covered or uncovered) executed through the special order window shall be subject to the maximum threshold.

Explanation: Threshold for the purpose of this chapter shall mean "up to 0.5% of the Free-Float of a scrip or Rs.50 million, whichever is higher, in the Options Market by a Securities Broker on its proprietary or client's accounts on UIN basis subject to maximum of 3.0% of the Free-Float of a scrip by such Securities Broker for all its accounts including proprietary and clients' accounts at any given time during a Contract Period".

15A.4.2. Pre-Existing Interest in order to remain qualified for the purpose of Sale through normal sale order window shall continue to exist until the sale position in the Options Market is squared off or settled at the expiry of the Options Contract.

"ANNEXURE A"

CONTRACT SPECIFICATIONS FOR SINGLE STOCK OPTIONS CONTRACTS

Contract Multiplier	**500 shares or any other quantity as may be determined by the Exchange from time to time.**
Contract Description	**European Style Call and Put**
Minimum Fluctuation (Tick Size)	**PKR 0.01 (Premium per Underlying Security)**
Option Style	**European**
Settlement	**Physical**
Delivery Date	**T+2**
Currency	**Pakistan Rupee**
Exercise Price Interval	**As notified by the Exchange from time to time.**
Daily Price Limit	**As provided under Chapter 19 of these Regulations.**
Contract Maturity	**90 days**
Opening of Contract	**First Trading Day following the last Friday of calendar month.**
Contract Expiry/ Last Trading Day	**Last Friday of the expiry month.**
Trading Hours	**As may be notified by the Exchange from time to time.**
Margin Requirements	**Exposure Margin shall be in accordance with NCCPL Regulations as amended from time to time.**

CHAPTER 19: RISK MANAGEMENT REGULATIONS		
EXISTING PSX REGULATIONS	**PROPOSED AMENDMENTS**	**RATIONALE**
19.3. SCRIP-BASED CIRCUIT BREAKER: (a) The Exchange shall apply Security-wise circuit breaker for each Market separately (except Stock Index Futures Market, Index Option Market and Odd Lots Market) in case of price fluctuation of 7.5% or Re. 1/ -, whichever is higher from the security's Closing Price of the previous day.	**19.3. SCRIP-BASED CIRCUIT BREAKER:** (a) The Exchange shall apply Security-wise circuit breaker for each Market separately (except Stock Index Futures Market, ~~Index~~ Options Market, and Odd Lots Market) in case of price fluctuation of 7.5% or Re. 1/ -, whichever is higher from the security's Closing Price of the previous day.	
	(e) In case of Single Stock Options Contracts Market, circuit breaker shall be applicable in following manner: **(i) High Limit Price = last day Closing Price + Up Range** **(ii) Low Limit Price = last day Closing Price - Down Range** **For first Trading Day, the last day Closing Price shall be replaced with theoretical price computed through Black Scholes Model.** **CALL OPTION:** **Up Range =** **Max [pre-closing price × A%, Min {(B × pre-closing price – Exercise Price), pre-closing price} × C%]** **Down Range =** **pre-closing price × C%** **PUT OPTION:** **Up Range =**	Price limit for single stock options contract market is being proposed.

CHAPTER 19: RISK MANAGEMENT REGULATIONS		
EXISTING PSX REGULATIONS	**PROPOSED AMENDMENTS**	**RATIONALE**
	Max [Exercise Price × D%, Min {(E × Exercise Price - pre-closing price), pre-closing price} × F%] **Down Range =** **pre-closing price × F%** **Pre-Closing Price: last day closing price of Underlying Security.** **For Options, A, B, C, D, E and F are constants and are kept configurable for each Underlying Security.**	

*****End of Proposed Amendments*****

"EXHIBIT A"

GUIDELINES FOR SUBMISSION OF COMMENTS

1. PSX invites the interested parties to provide their comments and views with specific reference to the subject matter of the proposed amendments to PSX Regulations notified in this Notice.

2. At the time of submission of comments, respondent is advised to provide the information, as per **Table-A** below, so that PSX may contact him/her for clarification or deliberation on the comments, if needed. Anonymous responses may be disregarded by PSX.

Table-A

TO BE FILED BY THE RESPONDENT	
Name of respondent	
Name of company (if applicable)	
Designation (if applicable)	
Contact Number	
Email Address	

3. The respondent may request confidential treatment for his/ her identity and all or any part of comments due to their proprietary, confidential or commercial nature, by clearly marking the information in **Table-B** below:

Table-B

DISCLOSURE OF IDENTITY AND COMMENTS
Please check the box(es) if you wish to be remain confidential: ☐ I wish to have my identity remain confidential. ☐ I wish to keep all or any part of my comments confidential.

If respondent wishes to keep any part(s) of comments confidential, then he/she is required to clearly specify such part(s) of comments.

4. To ensure quality and promote transparency, PSX will publish the relevant comments of respondents and its management's response thereon in the form of a **Response Paper** on its website, within a reasonable timeframe, after close of public consultation session, unless the respondent has made a confidentiality request.

5. Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, respondents should note that notwithstanding any confidentiality request, PSX will share all their response(s) with the Securities and Exchange Commission of Pakistan (Apex Regulator).

6. By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to PSX, unless respondents wish to have their identity or comments remain confidential.