

INVITATION OF PUBLIC COMMENTS

PROPOSED AMENDMENTS TO PAKISTAN STOCK EXCHANGE LIMITED (PSX) REGULATIONS IN RELATION TO VARIOUS MATTERS

This is to inform the public that the PSX, in exercise of the power conferred upon it u/s (7) of the Securities Act, 2015, is proposing amendments to PSX Regulations relating to the following matters:

1. REQUIRING MANDATORY PRESENCE OF CHIEF EXECUTIVE OFFICER (CEO) OF THE LISTED COMPANY AND SECURITIES BROKER IN THE HEARING(S) OF APPEAL FILED AGAINST THE ENFORCEMENT ORDER ISSUED BY THE CHIEF REGULATORY OFFICER OF PSX (CRO):

PSX Regulation 5.21A and 20.4A respectively provide Listed Companies and Securities Brokers the right to file appeal before the Appellant Committee of PSX against the Enforcement Order passed by the CRO.

The Appellant Committees play an instrumental role in independently reviewing and deciding the appeal cases fairly and transparently on meritorious grounds. Presently, PSX Regulations 5.21A.3(e) and 20.4A.2(e) *encourage* the presence of CEO of the Listed Company and Securities Broker in the hearings of appeal cases.

Keeping in view the significance of appeal proceedings and to obtain a deeper and practical perspective of the violations under review, it is considered important that the CEO of the appellant company must participate in the hearing(s) of the appeal. Mandatory presence of the CEO during hearings not only demonstrates commitment and seriousness but also enhances credibility of the information presented during the proceedings. Accordingly, the requisite amendments to Chapter 5 and Chapter 20 of PSX Regulations are being proposed with the following key features:

- (a) Requiring mandatory presence of CEO of the Listed Company and Securities Broker, as the case may be, in the appeal hearings before the Appellant Committee.
- (b) Other relevant official(s) of the appellant company may accompany the CEO in the hearing, together with the consultant.
- (c) In case of unavailability of the CEO due to unavoidable circumstances, the CEO may authorize the relevant senior management officer(s) well conversant with the case to appear for the hearing, subject to written authorization from the CEO and submission of cogent reasons for non-participation of the CEO.

The proposed amendments to PSX Regulations in relation to this matter are attached herewith as **Annexure A**.

2. INTERNET BASED TRADING SERVICES (IBTS) PROVIDED BY THE ‘TRADING ONLY’ AND ‘ONLINE ONLY’ SECURITIES BROKERS:

Chapter 9 of PSX Rulebook requires the Securities Brokers to ensure that their IBTS systems, controls and procedures are audited and penetration tested independently, once in every two years, by an audit firm approved by PSX. The Securities Brokers are also required to submit IBTS audit reports within 2 months of the close of the periodic vulnerability assessment.

The Professional Clearing Member (PCM) provides the requisite IBTS systems to its Trading Only and Online Only Securities Brokers for provision of online trading functionality to their customers under the IBTS framework. In accordance with the requirements of Chapter 9, the IBTS system of PCM shall be audited and penetration tested independently, once in every two years, by an audit firm approved by PSX and the audit finding report thereof shall be submitted by the respective Securities Brokers to PSX. However, due to the varying timeline for submission of such IBTS audit reports to PSX for each of the relevant Securities Brokers and considering that a large number of Trading Only Securities Brokers have availed the IBTS from PCM, it would be practically difficult to have the same IBTS systems of PCM audited and penetration tested within last two months of the respective submission date of each Broker.

Therefore, PSX is proposing to waive the time related condition of having the vulnerability assessment and penetration testing within last two months of the submission of the audit reports to PSX for those Securities Brokers that have availed the IBTS systems of PCM.

The proposed amendments to PSX Regulations in relation to this matter are attached herewith as **Annexure B**.

3. CHANGES IN THE ARBITRATION AND APPEAL PROCEDURES PERTAINING TO TRADE RELATED DISPUTES/ COMPLAINTS FOR ENHANCED OPERATIONAL EFFICIENCIES AND TRANSPARENCY:

PSX is proposing amendments to Chapter 18 [Investors’ Claims, Securities Brokers’ Disputes and Arbitration Regulations] of PSX Regulations to enhance the operational efficiencies and transparency in arbitration proceedings and appeal related requirements. The salient features of key amendments proposed are listed below:

- (a) Insertion of clause to emphasize on the Securities Brokers to properly handle the complaints/ disputes of customers as per their internal complaint handling procedures formulated under Clause 27 of Securities Brokers (Licensing and Operations) Regulations, 2016.
- (b) Selection of Industry Experts in the Appellate Panel as well as the Sole Arbitrator through random balloting.
- (c) Insertion of a provision for clarity that the filing of a petition/ application in the court of law by any of the disputing parties shall not affect the arbitration/appeal proceedings at PSX.
- (d) Reduction in certain procedural timelines with an aim to ensure timely disposal of arbitration/ appeal proceedings in the interest of aggrieved person(s).
- (e) Reduction in the size of Appellate Panel for timely handling and disposal of complaints. By virtue of this change, the existing requirement to have an Appellate Panel of five (5) members would be reduced to the following:

- (i) Three members in case of an appeal received against the Award announced by the Sole Arbitrator; and
- (ii) Four members in case of an appeal received against the Award announced by the Sub-Panel of Arbitrators.

The proposed amendments to PSX Regulations in relation to this matter are attached herewith as **Annexure C**.

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 amendments to PSX Regulations in relation to the above matters. The comments can be submitted by **November 17, 2025** through such modes and in such manner as prescribed in the 'Guidelines for Submission of Comments', attached herewith as **Exhibit A**.



AJEET KUMAR

Chief Regulatory Officer

Cc:

1. The Executive 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, E-Clear
7. The Chief Executive Officer, IFMP
8. The President and Chief Executive Officer, PICG
9. The Chief Executive Officer & Secretary General, PSBA
10. The Chief Executive Officer, MUFAP
11. The Chairman, PBA
12. The Chairperson, PBC
13. The President, FMAP

“ANNEXURE A”

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO REQUIRING MANDATORY PRESENCE OF CEO OF THE LISTED COMPANY AND SECURITIES BROKER IN THE HEARING(S) OF APPEAL FILED AGAINST THE ENFORCEMENT ORDER ISSUED BY THE CRO

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
Chapter 5: LISTING OF COMPANIES AND SECURITIES REGULATIONS		
<p>5.21A. APPEAL PROCEDURES:</p> <p>5.21A.3. The Listed Company filing an appeal under Clause 5.21A.1 shall comply with the following:</p> <p>(e) The presence of Chief Executive Officer of Listed Company is encouraged in the hearing proceeding. In case of his/her unavailability due to unavoidable circumstances, he may authorize any Senior Management Officer, well conversant with the case to appear for the hearing with proof of such authorization. The official(s) of the Listed Company may appear at the hearing together with the consultant.</p>	<p>5.21A. APPEAL PROCEDURES:</p> <p style="text-align: center;">No Change</p> <p>(e) The presence of Chief Executive Officer of Listed Company is encouraged shall be mandatory in the hearing proceeding. <u>The other relevant official(s) of the Listed Company may accompany the Chief Executive Officer in the hearing, together with the consultant.</u></p> <p><u>However, in case of his/her unavailability of the Chief Executive Officer due to unavoidable circumstances, he may authorize any Senior Management Officer, well conversant with the case to appear for the hearing with proof of such authorization along with the reasons of his unavailability in the hearing.</u></p> <p>The official(s) of the Listed Company may appear at the hearing, together with the consultant.</p>	<p>The Appellant Committees play an instrumental role in independently reviewing and deciding the appeal cases fairly and transparently on meritorious grounds.</p> <p>Presently, PSX Regulations 5.21A.3(e) and 20.4A.2(e) encourage the presence of CEO of the Listed Company and Securities Broker in the hearings of appeal cases.</p> <p>Keeping in view the significance of appeal proceedings and to obtain a deeper and practical perspective of the violations under review, it is considered important that the CEO of the appellant company must participate in the hearing(s) of the appeal, unless there are unavoidable circumstances.</p> <p>Mandatory presence of the CEO during hearings not only demonstrates commitment and seriousness but also enhances credibility of the information presented during the proceedings.</p>

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 20: DISCIPLINARY ACTIONS AGAINST TRE CERTIFICATE HOLDERS REGULATIONS		
<p>20.4A. APPEAL PROCEDURES:</p> <p>20.4A.2. The TRE Certificate Holder filing an appeal under Clause 20.4A.1 shall comply with the following:</p> <p>(e) The presence of Chief Executive Officer of TRE Certificate Holder is encouraged in the hearing proceeding. In case of his unavailability due to unavoidable circumstances, he may authorize any Senior Management Officer, well conversant with the case to appear for the hearing with proof of such authorization. The official(s) of the TRE Certificate Holder may appear at the hearing together with the consultant.</p>	<p>20.4A. APPEAL PROCEDURES:</p> <p>No Change</p> <p>(e) The presence of Chief Executive Officer of TRE Certificate Holder is encouraged <u>shall be mandatory</u> in the hearing proceeding. <u>The other relevant official(s) of the TRE Certificate Holder may accompany the Chief Executive Officer in the hearing, together with the consultant.</u></p> <p><u>However, in case of his/her unavailability of the Chief Executive</u> due to unavoidable circumstances, he may authorize any Senior Management Officer, well conversant with the case to appear for the hearing with proof of such authorization <u>along with the reasons for his unavailability in the hearing.</u></p> <p>The official(s) of the TRE Certificate Holder may at the hearing, together with the consultant.</p>	<p>Same as above</p>

“ANNEXURE B”

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO INTERNET-BASED TRADING SERVICES PROVIDED BY THE ‘TRADING ONLY’ AND ‘ONLINE ONLY’ SECURITIES BROKERS

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 9: INTERNET TRADING REGULATIONS		
<p>9.12. PERIODIC AUDIT, VULNERABILITY ASSESSMENT AND PENETRATION TESTING:</p> <p>9.12.1. The Broker shall ensure that its IBTS systems, controls and procedures are audited and penetration tested independently, once in every two years, by an audit firm approved by the Exchange.</p> <p>9.12.2. The Broker shall submit report of the auditor to the Exchange within two months of the date of the close of its periodic vulnerability assessment, if not assessed by the Exchange itself.</p> <p><u>New Insertion</u></p> <p>9.12.3. If the IBTS audit report or the Penetration Testing and Vulnerability Testing audit report indicates any non-compliance(s) or vulnerabilities in the system, controls or procedures, the Securities Broker shall be liable to rectify such noncompliance(s) /remove the vulnerability and furnish a compliance report to PSX from the auditor, within 30 days from the date of submission of audit report, certifying that the noncompliance(s)/vulnerability has been rectified/removed.</p>	<p>9.12. PERIODIC AUDIT, VULNERABILITY ASSESSMENT AND PENETRATION TESTING (“VAPT”):</p> <p>No Change</p> <p>No Change</p> <p><u>Provided that the time related condition of having the VAPT within last two months of the submission of the audit reports under this clause shall not apply to the Trading Only and Online Only Securities Brokers that have obtained IBTS system from the PCM.</u></p> <p>9.12.3. If the IBTS audit report or the Penetration Testing and Vulnerability Testing VAPT audit report indicates any non-compliance(s) or vulnerabilities in the system, controls or procedures, the Securities Broker shall be liable to rectify such noncompliance(s) /remove the vulnerability and furnish a compliance report to PSX from the auditor, within 30 days from the date of submission of audit report, certifying that the noncompliance(s)/vulnerability has been rectified/removed.</p>	<p>The PCM provides IBTS system to the Trading Only/Online Only Brokers. Due to the varying timeline for submission of IBTS audit reports to PSX for each of the relevant Securities Brokers and considering that a large number of Trading Only Securities Brokers have availed the IBTS from PCM, it would be practically difficult to have the same IBTS systems of PCM audited and penetration tested within last two months of the respective submission date of each Broker.</p>

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 9: INTERNET TRADING REGULATIONS		
9.15. SUSPENSION AND CANCELLATION OF INTERNET TRADING CERTIFICATE: 9.15.1. The CRO 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, 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/or by conducting vulnerability assessment where deemed necessary on the basis of predetermined parameters.	9.15. SUSPENSION AND CANCELLATION OF INTERNET TRADING CERTIFICATE: 9.15.1. The CRO 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, including the review of IBTS audit report and/or Penetration Testing and Vulnerability Assessment VAPT audit report as required to be submitted under clause 9.12 and/or by conducting vulnerability assessment where deemed necessary on the basis of predetermined parameters.	

“ANNEXURE C”

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO CHANGES IN THE ARBITRATION AND APPEAL PROCEDURES PERTAINING TO TRADE RELATED DISPUTES/ COMPLAINTS FOR ENHANCED OPERATIONAL EFFICIENCIES AND TRANSPARENCY

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 18 [INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS]		
<p>18.1. PERMANENT ARBITRATION PANEL:</p> <p>18.1.2. From the Panel, following will be the constitution of Arbitrators for arbitrations for the resolution of the disputes in accordance with their categorization mentioned below:</p> <p>Sub-Panel: From the panel, a Sub Panel of Arbitrators shall consist of four members, out of which one shall be the TRE Certificate Holder as an advisor who shall not have any voting rights, two industry experts and one senior member of the Exchange management as nominated by CRO in consultation with the Managing Director of the Exchange. The Chairman of the Panel will always be the industry expert.</p> <p>The TRE Certificate Holder and industry expert shall be selected by drawing lots.</p> <p>Sole Arbitrator: From the Panel, CRO in consultation with the Managing Director of the Exchange shall appoint an industry expert as a Sole Arbitrator excluding TRE Certificate Holders on case to case basis.</p>	<p>18.1. PERMANENT ARBITRATION PANEL:</p> <p style="text-align: center;">No Change</p> <p>Sub-Panel: From the panel, a Sub Panel of Arbitrators shall consist of four members, out of which one shall be the TRE Certificate Holder as an advisor who shall not have any voting rights, two industry experts and one senior <u>management staff member</u> of the Exchange management as nominated by CRO in consultation with the Managing Director of the Exchange. The Chairman of the Panel will always be the industry expert.</p> <p>The TRE Certificate Holder and industry experts shall be selected by drawing lots.</p> <p>Sole Arbitrator: From the Panel, CRO in consultation with the Managing Director of the Exchange shall appoint an industry expert as a Sole Arbitrator <u>through drawing lots</u> excluding TRE Certificate Holders on case to case basis.</p>	<p>The term 'senior management staff' is mentioned for uniformity.</p> <p>To align with the practice of selecting Arbitrators on the Sub-Panel through random balloting for transparency.</p>

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 18 [INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS]		
<u>New Insertion</u>	<p><u>18.1A. DISPUTE HANDLING BY THE SECURITIES BROKERS:</u></p> <p><u>The Securities Brokers shall put in place internal procedures to ensure proper handling of complaints, in compliance with the requirements stipulated in Clause 27 of Securities Brokers (Licensing and Operations) Regulations, 2016.</u></p>	For clarity and putting emphasis on the brokers that it is their obligation to redress customers' genuine grievances as per the requirements of Clause 27 of Securities Brokers (Licensing and Operations) Regulations, 2016.
<p>18.2. DISPUTES TO BE REFERRED TO ARBITRATION:</p> <p>Whenever any dispute arises between Securities Brokers inter se, or between any of the Securities Brokers and their clients, or between any of the Securities Brokers and authorized traders or between authorized trader(s) and their clients in connection with any trade or transaction or subscription of securities offered through IPO and is not otherwise settled amicably, it shall be referred to arbitration and shall be dealt with according to the procedure laid down in this chapter.</p>	<p>18.2. DISPUTES TO BE REFERRED TO ARBITRATION:</p> <p>Whenever any dispute arises between Securities Brokers inter se, or between any of the Securities Brokers and their clients, or between any of the Securities Brokers and authorized traders or between authorized trader(s) and their clients in connection with any trade or transaction or subscription of securities offered through IPO and is not otherwise settled amicably, it shall be referred to the Exchange for its resolution arbitration and shall be dealt with according to the procedure laid down in this chapter.</p>	Post-integration of the Stock Exchanges, broker-to-broker trades are not allowed. Therefore, the matter relating to dispute(s) between brokers inter-se has become superfluous. The dispute against the trader is considered as a dispute against the broker.
<p>18.3. APPLICATION FOR ARBITRATION:</p> <p>Where a dispute cannot be settled amicably, it must be referred to arbitration. Any party to the dispute may initiate arbitration, in accordance with these Regulations by making an application in writing to the CRO. The applicant shall be required to furnish the following:</p> <p>(a) Claim Form duly filled and signed by Investor or Securities Broker or the authorized trader(s), as the case may be, along with all</p>	<p>18.3. APPLICATION FOR ARBITRATION:</p> <p>Where a dispute cannot be settled amicably, it must be referred to arbitration. Any party to the dispute may initiate arbitration, in accordance with these Regulations by making an application in writing to the CRO. The applicant shall be required to furnish the following:</p> <p>(a) Claim Form duly filled and signed by Investor or Securities Broker or the authorized trader(s), as the case may be, along with all</p>	<p>Similarly, if a trader in his capacity as client has a trade-related dispute with the broker or vice-versa, the same is also admissible.</p> <p>Therefore, this clause is amended to simplify the text.</p>

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 18 [INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS]		
supporting documents and annexure as mentioned in the Form.	supporting documents and annexure as mentioned in the Form.	
18.4. ARBITRATION PROCEDURE:	18.4. ARBITRATION PROCEDURE:	
18.4.5. LOTS TO BE DRAWN:	18.4.5. LOTS TO BE DRAWN:	
(a) The drawing of lots shall be conducted by the CRO in consultation with Managing Director, or any other officer allowed as per applicable law to perform functions of the CRO, if nominated by the Chairman of RAC. The names so selected shall be communicated to the parties to the arbitration within three working days from the date of drawing of lots.	(a) The drawing of lots shall be conducted <u>by the officer(s) of RAD, authorized</u> by the CRO in consultation with Managing Director, or any other officer allowed as per applicable law to perform functions of the CRO, if nominated by the Chairman of RAC. The names so selected shall be communicated to the parties to the arbitration within three working days from the date of drawing of lots. <u>The Exchange shall also select the alternate Arbitrator(s) through drawing of lots.</u>	Due to operational nature of this activity and considering that the drawing of lot is done in the presence of parties, this function is proposed to be assigned to the relevant senior official(s) of RAD, as authorized by the CRO. In the interest of saving time in the event of refusal or casual vacancy of the Arbitrator or any objection by any party, the selection of alternate Arbitrator through drawing lots shall be done at once.
(b) In case any objection considered valid is received by the Exchange within seven working days of above-mentioned communication from any party to the dispute against appointing any person as an Arbitrator, fresh balloting, as mentioned above, will be conducted by the CRO in consultation with Managing Director. Provided that lots shall be drawn within thirty days from the date of receipt of any application for arbitration which is to be referred to the Sole Arbitrator or Sub Panel.	(b) <u>The alternate Arbitrator shall act as Arbitrator</u> In case if any <u>valid</u> objection considered valid is received by the Exchange within seven <u>three</u> working days of above-mentioned communication from any party to the dispute against appointing any person as an Arbitrator, <u>or the Arbitrator selected through balloting refuses to act as Arbitrator, in writing, within five working days of referral of the dispute</u> fresh balloting, as mentioned above, will be conducted by the CRO in consultation with Managing	The timelines for conducting balloting and raising valid objection are proposed to be reduced in the interest of expediting the disposal of the arbitration cases. Further, the provision with respect to refusal of arbitrator is also shifted here from

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 18 [INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS]		
<p>(c) Presence of parties at the time of drawing and/or re-drawing: The parties to the dispute shall be given a notice of a minimum five working days, to remain present personally or through an authorized representative at the time of drawing and/or re-drawing lots before CRO.</p> <p>Provided that the drawing of lots shall take place at the given time and date even if the party or parties are not present despite of the notice and that the party or parties shall have no objection to drawing such lots, the result of which shall be binding on the parties. Parties to the dispute shall be provided with a list of members of the Panel along with the above notice of drawing and/or re-drawing lots.</p> <p>(d) There shall be no objection to an award of the Panel of Arbitrators or the Appellate Bench regarding any change(s) in the composition of the Panel of Arbitrators or the Appellate Bench during the enquiry or appeal.</p>	<p>Director. Provided that lots shall be drawn within thirty fifteen days from the date of acceptance receipt of any application for arbitration which is to be referred to the Sole Arbitrator or Sub Panel.</p> <p>(c) Presence of parties at the time of drawing and/or re-drawing: The parties to the dispute shall be given a notice of a minimum five three working days, to remain present personally or through an authorized representative at the time of drawing and/or re-drawing lots before CRO.</p> <p>Provided that the drawing of lots shall take place at the given time and date even if the party or parties are not present despite of the notice and that the party or parties shall have no objection to drawing such lots, the result of which shall be binding on the parties. Parties to the dispute shall be provided with a list of members of the Panel along with the above notice of drawing and/or re-drawing lots.</p> <p>(d) There shall be no objection to an award of the Panel of Arbitrators or the Appellate Bench regarding any change(s) in the composition of the Panel of Arbitrators or the Appellate Bench Panel during the arbitration enquiry or appeal.</p>	<p>Clause 18.4.7 with a reduction of time of refusal to act as Arbitrator from '10 days' to '5 working days'.</p> <p>Time period is reduced in the interest of expediting the disposal of the arbitration cases.</p> <p>Since the arbitration is binding and also considering that the parties already have been given right to raise objection on any Arbitrator selected through balloting, there shouldn't be any further objection to subsequent procedural steps or the proceedings.</p> <p>'Appellate Bench' replaced with 'Appellate Panel' for uniformity.</p>

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 18 [INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS]		
<p>18.4.7. NEW ARBITRATOR:</p> <p>In case if one or more Arbitrators refuse, neglect or fail to consider the dispute or give an award, fresh Arbitrator from the Panel shall be appointed by the CRO or any other person nominated by him. However, the Arbitrator(s) who refused, neglected or failed to consider the dispute or give an award shall communicate reasons thereof to the Panel, in writing, within ten days of referral of the dispute to him/them.</p> <p>Upon receipt of information of non-availability of any such Arbitrator, the Exchange shall immediately inform the parties of the new Arbitrator(s). The Exchange while intimating name of any alternate Arbitrator(s) to both parties to a dispute may also reconfirm or reschedule the earlier date of hearing or arrange for any re-hearing held earlier by the previous Arbitrators to be reheard;</p> <p>(a) Hearing Notice: The secretary of the Sub Panel shall give both parties to the dispute not less than seven days' notice from the date of receipt of such notice by the parties regarding the date, time and the place appointed for Arbitration.</p> <p>(e) Equal opportunity to both parties: The parties shall be dealt with on an equal footing. Each of the parties shall be given an equal opportunity to present before the Sole Arbitrator/Sub Panel and explain its point of view verbally or in writing:</p>	<p>18.4.7. NEW—ARBITRATOR ARBITRATION PROCEEDINGS:</p> <p>In case if one or more Arbitrators refuse, neglect or fail to consider the dispute or give an award, fresh alternate Arbitrator selected under Clause 18.4.5 (a) shall be appointed from the Panel shall be appointed by the CRO or any other person nominated by him. However, the Arbitrator(s) who refused, neglected or failed to consider the dispute or give an award shall communicate reasons thereof to the Panel, in writing, within ten days of referral of the dispute to him/them.</p> <p>Upon receipt of information of non-availability of any such Arbitrator, the Exchange shall immediately inform the parties of the new Arbitrator(s). The Exchange while intimating name of any alternate Arbitrator(s) to both parties to a dispute may also reconfirm or reschedule the earlier date of hearing or arrange for any re-hearing held earlier by the previous Arbitrators to be reheard;</p> <p>(a) Hearing Notice: The secretary of the Sole Arbitrator/ Sub Panel shall give both parties to the dispute not less than seven three working days' notice from the date of receipt transmission of such notice by the parties regarding the date, time and the place appointed for Arbitration.</p> <p>No Change</p>	<p>Proposed to align with the Clause 18.4.5 (a) above.</p> <p>To provide coverage to the Sole Arbitrator as well. Time period is reduced in the interest of expediting the disposal of the arbitration cases.</p>

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 18 [INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS]		
<p>(i) the claimant will be given an opportunity to argue his case first;</p> <p>(ii) the respondent will be given an opportunity to respond to the point of representations of the claimant;</p> <p>(iii) the claimant will be given an opportunity to respond to the arguments of the respondent after respondent has finished his argument;</p> <p>(iv) the Sole Arbitrator/ Sub Panel will not hear any party in the absence of the opposing party, unless the latter party has been given a reasonable opportunity to attend and it has failed to attend;</p> <p>(v) the Sole Arbitrator/ Sub Panel will not discuss the case with the parties to the proceedings beyond the normal procedure;</p> <p>(vi) the parties may appear at a session in person or through a representative to present and explain their respective claim or to defend verbally or, with the permission of the Sole Arbitrator/ Sub Panel, in writing.</p> <p>(g) Time for disposal of application: An application received under above provision of this chapter and found acceptable after scrutiny shall be disposed-off within ninety days of its receipt including the award of Sole Arbitrator/ Sub Panel. However, if the application is not disposed-off within the prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay shall be communicated in writing to both the parties to the dispute and the Commission. The time extension</p>	<p>(i) the Applicant claimant will be given an opportunity to argue his case first;</p> <p>(ii) the respondent will be given an opportunity to respond to the point of representations of the Applicant claimant;</p> <p>(iii) the Applicant claimant will be given an opportunity to respond to the arguments of the respondent after respondent has finished his argument; No Change</p> <p>No Change</p> <p>(vi) the parties may appear in hearing at a session in person or through a representative to present and explain their respective claim or to defend verbally or, with the permission of the Sole Arbitrator/ Sub Panel, in writing.</p> <p>(g) Time for disposal of application: An application received under above provision of this chapter and found acceptable after scrutiny shall be disposed-off within ninety days of its receipt acceptance including the award of Sole Arbitrator/ Sub Panel. However, if the application is not disposed-off within the prescribed time due to unavoidable circumstances or reasons beyond control, the specific reasons for the delay shall be communicated in writing to both the parties to the dispute and the Commission. The</p>	<p>Term 'session' is replaced with appropriate word 'hearing'.</p>

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
CHAPTER 18 [INVESTORS' CLAIMS, SECURITIES BROKERS' DISPUTES AND ARBITRATION REGULATIONS]		
<p>granted by the CRO or anyone nominated by CRO shall be indicated in the communication, which shall not exceed thirty working days from the expiry date of the prescribed ninety (90) days.</p> <p><u>New Insertion</u></p> <p>(i) Entitlement of corporate benefits issued during the dispute: The Award would include provision for any corporate benefits (right shares, dividends and bonuses) issued during the pendency of dispute for the Securities for which the application for arbitration has been made. The disputed period would be up to the date on which an Award is honored.</p> <p>(j) Time period for retaining arbitration record: Record of proceedings of all meetings, hearings and the evidences on the basis of which the Award was announced shall be retained for at least ten years.</p> <p>(k) Time period to comply with the Award: The parties to the dispute shall implement/comply with the Award within fifteen days of announcement by the Sole Arbitrator/ Sub Panel.</p> <p><u>New Insertion</u></p>	<p>time extension granted by the CRO or anyone nominated by CRO shall be indicated in the communication, which shall not exceed thirty working days from the expiry date of the prescribed ninety (90) days.</p> <p><u>Provided that if the application is not disposed-off within the extended timeline due to unavoidable circumstances or reasons beyond control, the reasons for the delay shall be intimated to the RAC.</u></p> <p>(i) Entitlement of corporate benefits issued during the dispute: The Award would include provision for any corporate benefits (right shares, dividends and bonuses) issued during the pendency of dispute for the Securities for which the application for arbitration has been made. The disputed period would be up to the date on which an Award is honored <u>announced</u>.</p> <p>No change.</p> <p>(k) Time period to comply with the Award: The parties to the dispute shall implement/comply with the Award within fifteen <u>working</u> days of announcement <u>transmission of the Award issued</u> by the Sole Arbitrator/ Sub Panel.</p> <p><u>(l) Validity of the Arbitration Proceedings in the event of filing of application in the Court of Law:</u></p>	<p>For transparency, the cases involving litigation and complexities leading to extended proceedings shall be reported to RAC.</p> <p>To replace with proper term.</p> <p>To align with the time period of 15 working days for filing an appeal against the arbitration award, under Clause 18.6.1.</p> <p>For adding clarity and providing regulatory cover to ensure continuity of the arbitration</p>

[illegible]

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<p>18.6.2. A party appealing to the Appellate Panel shall state in writing the point wise objections to the Award of the Sole Arbitrator/ Sub Panel and shall pay a fee of two thousand five hundred rupees being institution fee through cheque in favor of the Exchange in its designated bank account. Further, if the appellant is a Securities Broker, he shall deposit the full amount of Award and deliver the Securities or the value thereof at the ruling market price of the Securities with the Exchange at the time of filing an appeal. If the appellant fails in his appeal, he shall satisfy the Award within seven days of its announcement. In case of his failure to do so, the Exchange shall have the authority to pay the amount of the Award and/or deliver Securities to the respondent on the appellant's behalf. However, the appellant shall still be liable to deliver or pay the balance securities or amounts, if any, payable under the Award in appeal. An appeal filed by a Securities Broker shall not be entertained if the required fee, award money or Securities, if any, is not deposited with the Exchange including any corporate benefits missed by the counter-party up to the date of order.</p>	<p>Arbitrator(s) of the Award against which appeal has been filed with the CRO. Provided further that Appellate Panel shall not include a TRE Certificate Holder. <u>The senior management staff of the Exchange shall be nominated by CRO in consultation with the Managing Director of the Exchange.</u></p> <p>18.6.2. A party appealing to the Appellate Panel shall state in writing the point wise objections to the Award of the Sole Arbitrator/ Sub Panel and shall pay a fee of two thousand five hundred rupees being institution fee through cheque in favor of the Exchange in its designated bank account. Further, if the appellant is a Securities Broker, he shall deposit the full amount of Award and deliver the securities or the value thereof at the ruling market price of the securities with the Exchange at the time of filing an appeal. If the appellant fails in his appeal, he shall <u>comply with</u> satisfy the Award within seven days of its announcement <u>transmission</u>. In case of his failure to do so, the Exchange shall have the authority to pay the amount of the Award and/or deliver securities to the respondent on the appellant's behalf. However, the appellant shall still be liable to deliver or pay the balance securities or amounts, if any, payable under the Award in appeal. An appeal filed by a Securities Broker shall not be entertained if the required fee, award money or Securities, if any, is not deposited with the Exchange, including any corporate benefits missed by the counter-party up to the date of the order.</p>	<p>random balloting for transparency.</p> <p>Selection of senior management staff of PSX shall be as per the current practice.</p> <p>Editorial changes are proposed here for clarity.</p>

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<p><u>New Insertion</u></p> <p>18.6.3. The decision of the Appellate Panel shall be announced within forty five days of the receipt of the appeal. However, in case the Appellate Panel is unable to announce the decision within the forty five days period due to unavoidable circumstances or reasons beyond control, the Appellate Panel will seek further time from the CRO, by indicating specific reasons for its inability to announce the decision and the CRO may extend the time but not more than thirty days. However, such extension of time should be forthwith intimated to the Commission.</p> <p>18.6.4. The decision of the Appellate Panel shall be final and deemed binding on the parties to the dispute and upon their constituents.</p> <p>The decision of the Appellate Panel shall be implemented /complied with by the parties in dispute within seven (07) days of its announcement.</p>	<p><u>The filing of an application in the Court of Law and/or commencement of legal proceedings in relation to the dispute under arbitration or against an Award does not absolve the Securities Broker from its responsibility to fully comply with the Award nor it restrains the Exchange from paying the amount of the Award and/or delivering the securities deposited by the Securities Broker, except where an order to this extent is passed by the Court.</u></p> <p>18.6.3. The decision of the Appellate Panel shall be announced within forty five days of the <u>acceptance</u> receipt of the appeal. However, in case the Appellate Panel is unable to announce the decision within the forty five days period due to unavoidable circumstances or reasons beyond control, the Appellate Panel <u>through its secretary</u> will seek further time from the CRO, by indicating specific reasons for its inability to announce the decision and-the CRO may extend the time, but not more than thirty days. However, such extension of time should be forthwith intimated to the Commission.</p> <p>18.6.4. The decision of the Appellate Panel shall be final and deemed binding on the parties to the dispute and upon their constituents.</p> <p>The decision of the Appellate Panel shall be implemented /complied with by the parties in dispute within seven (07) days of its announcement <u>transmission</u>.</p>	<p>For adding clarity and providing regulatory cover to ensure effective proceedings and conclusion for redressal of grievances, unless there is any restraining order from the relevant competent authority.</p> <p>For effective communication through proper channel.</p>

[illegible]

END

“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. The comments can be submitted through any of the following modes:

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

3. 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 FILLED BY THE RESPONDENT	
Name of respondent	
Name of company (if applicable)	
Designation (if applicable)	
Contact Number	
Email Address	

4. 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:
<input type="checkbox"/> I wish to have my identity remain confidential.
<input type="checkbox"/> 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.

5. 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.
6. 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).
7. 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.