



**REGULATIONS GOVERNING KSE
MEMBERS' OFFICE(S)/BRANCH OFFICE(S)
FOR CONDUCTING THE BUSINESS AND
TRADING OF SHARES AND SECURITIES
WITHIN AND OUTSIDE THE EXCHANGE**

OF

**THE KARACHI STOCK EXCHANGE
(GUARANTEE) LIMITED**

(As amended on January 04, 2010 and sent for Gazette Notification)

**REGULATIONS GOVERNING KSE MEMBERS' OFFICE(S)/BRANCH OFFICE(S) FOR
CONDUCTING THE BUSINESS AND TRADING OF SHARES AND SECURITIES WITHIN AND
OUTSIDE THE EXCHANGE**

PREAMBLE:

Whereas in order to promote equity investment, the Members of the Karachi Stock Exchange (Guarantee) Limited (KSE) are opening their Office(s)/Branch Office(s) within or outside the KSE premises.

And whereas in order to maintain a smooth process for opening of the Office(s)/Branch Office(s) and ensure full compliance of the Rules and Regulations of the Exchange as well as the protection of investors dealing through such Office(s)/Branch Office(s) as well as matter arising out of or connected therewith, it is necessary to frame necessary Regulations to meet the underlined objectives.

Now therefore, in exercise of the powers vested under the Rules and Regulations, the Board of Directors of the Exchange with the prior approval of Securities & Exchange Commission of Pakistan (SECP) as required under Section 34(1) of Securities & Exchange Ordinance, 1969 makes these Regulations which shall be deemed to have come into force from the date of publication of these Regulations in the official Gazette.

1. SHORT TITLE:

These Regulations shall be called "Regulations Governing KSE Members' Office(s)/Branch Office(s) for conducting the business and trading of shares and securities within and outside the Exchange".

2. APPLICABILITY:

These Regulations shall apply to all those Members of the Karachi Stock Exchange (Guarantee) Limited who open their Office(s)/Branch Office(s).

3. DEFINITIONS:

In these Regulations, unless there is anything repugnant in the subject or context:

- (i) "Exchange" means the "Karachi Stock Exchange (Guarantee) Limited"
- (ii) "Member" means a "Member of the Karachi Stock Exchange (Guarantee) Limited"
- (iii) "Member's Main Office" means "an office where a registered individual Member or the Nominee Director of a registered Corporate Member of the Exchange supervises the said office himself, provided the number of such offices shall not exceed one at a time"
- (iv) "Office(s) or Branch Office(s)" means "an Office/Branch/Shop opened and maintained by a member within or outside the premises of the Exchange for conducting the business and trading of shares and securities and includes Member's Main Office but excludes the Member's Telephone Booth.

Provided that the operation of KATS Terminal within or outside KSE Building shall also be treated as Office(s)/Branch Office(s) for the purpose of these Regulations.

Provided further that in case where a Member has only one location of operation and does not have Office/Branch Office at an alternate/second location, shall mandatorily be required to install one Remote Disaster Recovery (DR) Terminal in accordance with the KATS Regulations of the Exchange, and may be installed at any place which shall not be deemed to be Office/Branch Office under these Regulations.

- (v) "Head Office" means "a Member's Office/Branch Office designated as the principal place of business"
- (vi) "Manager" means "a person appointed by the Member to operate and supervise the Office/Branch Office in accordance with the Rules & Regulations of the

Exchange and who is registered with the SECP as agent under the Brokers & Agents Registration Rules, 2001.

Provided that an individual Member or Nominee Director of a Corporate Member shall be deemed to be the Manager of Member's Main Office.

- (vii) "Member's Telephone Booth(s)" means "the space within the Trading Hall of the Exchange where additional KATS Terminals and telephones are provided to the Members and it shall be deemed to be a part of the Member's Main Office"
- (viii) "Certificate" means "a Certificate of Registration of the Office/Branch Office issued by the Exchange"

4. PROCEDURE FOR OPENING OF OFFICE(S)/BRANCH OFFICE(S):

A Member may open his/its Office(s)/Branch Office(s) within and outside the premises of the Exchange for conducting business and trading of shares and securities in accordance with Rules and Regulations of the Exchange as well as the law applicable in this behalf subject to prior approval of the Exchange in writing and completion of the following formalities:-

- (i) An application on the prescribed form (Annexure-A);
- (ii) An undertaking on prescribed form (Annexure-B);
- (iii) Payment of Registration/Renewal fee of Rs. 5,000/- per annum per office/per branch;
- (iv) Documents evidencing the ownership of the Office or Branch Office and/or Agreement with landlord of the office, if that office is not owned by the Member;
- (v) Name of Manager along with residential address, CNIC, his bio-data, two latest photographs, his specimen signature and in case of office/branch office other than Member's Main Office the Certificate of Registration as Agent.
- (vi) Specimen signature(s) of the persons authorized to deal with clients;
- (vii) List of employees, along with their CNIC and residential addresses on a quarterly basis;
- (viii) Office(s) or Branch Office(s) must only be operated under the name of the Member who has opened and maintains such Office(s)/Branch Office(s);
- (ix) List of authorized signatories to the bank accounts if maintained separately by that Office/Branch Office on a quarterly basis.
- (x) The member shall submit the details of all KATS terminals operational at all the Office(s)/Branch Office(s).
- (xi) All the dealings at the office(s)/Branch Office(s)/Shop(s) shall be subject to the Rules and Regulations of the Exchange;
- (xii) The Member shall be fully responsible for all the dealings, acts of agents/employees in accordance with the Rules & Regulations of the Exchange, Securities and Exchange Ordinance 1969 & Securities and Exchange Rules, 1971 and shall be liable thereof;
- (xiii) Status of Office(s)/Branch Office(s) including their closure or change of Manager shall be notified in writing to the Exchange within 24 hours. The Exchange will ensure monthly update of details of Office(s)/Branch Office(s) on its website;
- (xiv) A board at a conspicuous place at the reception/front office will be displayed at all times containing the names of persons duly authenticated by the Member, who are authorized to deal with the customers;

- (xv) No person shall be employed at an Office or a Branch Office if he has been convicted of any misdemeanor by the Exchanges, Commission and/or any other competent authority;
- (xvi) The Standard text provided by the Exchange after due approval of the Commission, disclosing the remedy and process how to approach the Investor Complaints Department of the Exchange in case of non resolution of complaints must be displayed at all times at a conspicuous location at the reception/front office of the Office(s)/Branch Office(s) .

5. **ELIGIBILITY FOR THE PERSON APPOINTED AS A MANAGER OF THE OFFICE/BRANCH OFFICE:**

The person to be appointed as a Manager of the Office/Branch Office shall fulfill the following conditions:-

- (i) He is not less than 21 years of age.
- (ii) He has not been convicted of any offense, involving fraud or breach of trust.
- (iii) He has passed at least graduation examination and possesses at least one year experience as trader/agent in a brokerage house.
- (iv) He has sufficient stock market experience and knowledge.
- (v) He has not been adjudicated as insolvent or has suspended payments or has compounded with his creditors.
- (vi) NOC from his previous employer.

Provided that the above conditions shall not be applicable on the Individual Member/Nominee Director of Corporate Member supervising the Member's Main Office.

6. **GRANT OF CERTIFICATE OF REGISTRATION:**

On completion of all requirements, the Exchange shall grant a Certificate of Registration of Office/Branch Office in the prescribed form annexed as (Annexure 'C').

7. **OBLIGATIONS OF A MEMBER OPENING OFFICE/BRANCH:**

- (a) *Display of name of Stock Exchange Member:*
The Member desirous of opening office/branch within or outside Exchange must prominently display his name outside the office/branch,
- (b) *Maintenance of proper books of accounts, records etc.:*
The Member shall keep and maintain all the client related record/information of the Office/Branch Office at the Head Office and shall make necessary arrangements to provide at all reasonable times respective information/record to their clients dealing through such Office(s)/Branch.
- (c) *Display of Registration Certificate of Office/Branch Office:*
 - (i) The Member shall ensure display of the Registration Certificate of Office/Branch Office prominently at the Office(s)/Branch Office(s).
 - (ii) A Certificate of Registration of Manager as Agent with the SECP except in case of Member's Main Office.
- (d) *A board at a conspicuous place at the reception/front office which should contain:*
 - (i) Name of the person authorized to deal with the customers.
 - (ii) A warning that the branch can not deal in cash, except as provided in the Standardized Account Opening Form.
 - (iii) That the customer must demand deliveries as per Rules & Regulations of the Exchange.
 - (iv) That nobody is authorized to take deposit money on fixed profits which is illegal.

(e) *Inspection of records:*

Where it appears to the Exchange so to do, it may ask for any information or documents and/or appoint one or more of its employees to undertake inspection of the books of accounts, other records and documents of the Office(s)/Branch Office(s) maintained either at the Head Office or any other Office/Branch Office and the member shall ensure to provide such information/documents.

(f) *Stationery:*

The member shall ensure that all stationery, i.e. confirmation/contract/cash memo/any other document will be issued only in his name. The member(s) will also be required to clearly state on the printed stationery the addresses of all his offices/branch offices simultaneously.

8. **OFFICE(S)/BRANCH OFFICE(S) OF A CORPORATE MEMBER:**

A corporate Member while opening Office(s)/Branch Office(s) shall also comply with all the above regulations and shall provide the necessary information to the Exchange duly supported by the Board Resolution

9. **SUSPENSION, CANCELLATION OF REGISTRATION ETC. BY THE EXCHANGE:**

If the Member fails to comply any of the provisions or requirement of these Regulations, the Exchange can take action against such Member(s) including suspension of registration of a particular office/branch and/or suspension of Membership.

10. **SUSPENSION OR CLOSURE OF OFFICE(S)/BRANCH OFFICE(S) BY THE MEMBERS:**

A Member may suspend trading facility at the Office(s)/Branch Office(s) with a notice in writing to the Exchange. However, it will be ensured that the Office(s)/Branch Office(s) remains open for a period of at least one month thereafter for disposal of pending matters.

ON THE LETTERHEAD OF THE MEMBER

Dated: _____

The Managing Director
The Karachi Stock Exchange (Guarantee) Limited
Karachi.

**APPLICATION FOR CERTIFICATE OF REGISTRATION
OF OFFICE/BRANCH OFFICE WITHIN/OUTSIDE THE EXCHANGE**

Dear Sir,

I am/we are enclosing herewith the documents for grant of registration for opening of Office/Branch Office at _____ and issuance of Certificate of Registration in this regard.

Thanking you.

PARTICULARS

1. Name of the Member with Code No. _____
2. Address of Office/Branch Office: _____
Phone No. _____
Fax No. _____
3. Form of Organization: Sole Proprietorship Partnership
 Corporate Body Financial Institution
4. Please give names of Proprietor / Partner / Directors: _____

5. Whether Member of more than one Stock Exchange? If so, please give name(s) of the other Stock Exchange(s) with Code Number(s). _____

6. Name of Manager along with CNIC and residential address. _____

(In case of Member's Main Office, details of Member/Nominee Director be mentioned)
7. Whether the premises of Branch Office is on ownership basis or rented. In case of a rented premises, state the name of landlord and provide a copy of Tenancy Agreement. _____

8. List of employees, along with their CNICs and residential address. _____

9. List of authorized persons who will _____
operate bank accounts at the _____
Office/Branch Office.

10. Details of Telephone Booth(s) _____
(In case of Members' Main Office)

I/we declare that the information given in this form is true to the best of my/our knowledge and belief.

I/we further undertake to abide by all Rules and Regulations of the Exchange in the matter.

Yours faithfully,

(Rubber Stamp of Member)

(Signature of Member)

UNDERTAKING

(On Non-Judicial Stamp Paper of Rs. 50/-)

I/we, _____ Member of the Karachi Stock Exchange (Guarantee) Limited, having office at _____ Karachi and an applicant for Certificate of Registration for opening a Office/Branch Office within / outside the Exchange premises, hereby agree and undertake as under:

1. That I/we will abide by all Regulations of the KSE governing the trading and operations of Office/Branch Office, which are in force and/or are amended from time to time.
2. That I/we hereby undertake to stop trading facility at any our Office/Branch office with a notice in writing to the Exchange. I/ we further undertake to ensure that the Office/Branch Office will remain open for disposal of pending matters for a period of at least one month after the suspension of trading at the Office/Branch Office.
3. That I/we undertake to settle all claims and transactions carried out by or through my/our Office/Branch with any outside person(s) as per Regulations of the Exchange.
4. That I/We undertake that the stationery such as letterheads, receipts, various forms and stamps will bear the name of the head office and no fake and manipulated stationery will be used.
5. That I/we undertake to provide any information/record asked by the Exchange from time to time and further undertake to allow inspection of all my/our records and books maintained in relation to our Office/Branch, to any representative of the Exchange at all times as and when desired.

Signed this undertaking on _____ day of _____, _____ in presence of the following witnesses.

Signature of the Member

Common Seal

WITNESSES:

1. _____
Name: _____
CNIC No.: _____
Address: _____

2. _____
Name: _____
CNIC No.: _____
Address: _____



THE KARACHI STOCK EXCHANGE (GUARANTEE) LTD.
Stock Exchange Building, Stock Exchange Road Karachi-74000.
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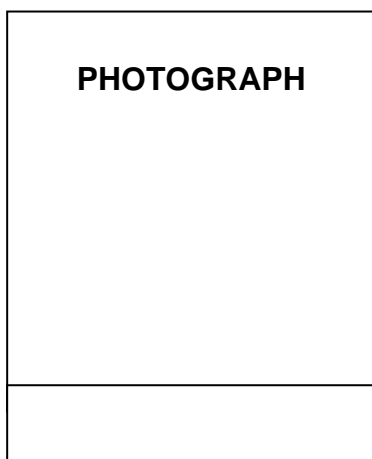
OFFICE / BRANCH OPENING AUTHORIZATION

Certified that Mr./Mrs./Miss./M/s. _____
Code No. _____ having his/her/their office at _____, a
Member of the Karachi Stock Exchange (Guarantee) Limited is hereby authorized to
operate an Office/Branch Office at _____
_____ subject to the Rules & Regulations
applicable in this behalf.

The persons authorized to manage and supervise the Office/Branch Office is
Mr./Mrs./Miss. _____ s/o, w/o, d/o _____ holding
CNIC No. _____ whose photograph and specimen signature are
affixed on this Certificate.

This Certificate is issued for the purpose of prominently displaying at the above
Office/Branch Office.

Issued at Karachi on this _____ day of _____, _____.



Specimen Signature

General Manager

Deputy Managing Director