

Articles of Association

I. PRELIMINARY

1. TABLE "A" NOT TO APPLY

The regulations in Table "A" in the First Schedule to the Companies Ordinance, 1984 shall not apply to Exchange except as reproduced herein or as required by law.

2. INTERPRETATION

In these Articles, unless the context or subject matter otherwise requires:

- (a) "Board" means a meeting of the Directors of the Exchange duly called and constituted or as the case may be the Directors assembled at a Board.
- (b) "Exchange" means the Islamabad Stock Exchange (Guarantee) Limited.
- (c) "Month" means calendar month according to the English Calendar.
- (d) (i) "Member" means any individual or firm or a body corporate entered in the Register of the Members of the Exchange;
(ii) "Corporate Member" means a member which is a company incorporated under the Companies Ordinance 1984, (XLVII of 1984), a body corporate or a statutory corporation incorporated under any law for the time being in force;
- (e) "Active Member" means a Member who deals in securities business on the Stock Exchange and is a member of Clearing House. An active member shall be required to pay a Clearing House Deposit to the Exchange as may be fixed by the Board from time to time.
- (f) "Inactive Member" means a Member who is not an Active Member of the Exchange.
- (g) "Ordinance" means the Companies Ordinance, 1984 as amended from time to time.
- (h) "Chairman" means the Chairman of the Board of the Exchange or as the case may be the acting Chairman.
 - i. "Director" means the member of the Governing Body/Board of Directors for the time being of the Exchange;
 - ii. "Managing Director" means the Chief Executive of the Exchange;
 - iii. "Secretary" includes a person appointed to perform the duties of a Secretary as specified in these Articles.
- (i) "Seal" means the common or official seal of the Exchange;
- (j) "Section" means section of the Ordinance.
- (k) Words importing masculine gender include the feminine gender.
- (l) Words importing singular numbers include the plural number and vice versa.
- (m) Expression referring to writing shall unless the contrary intention appears, be construed as including references to printing, telex, telegram, lithography, photography and other modes of representing or reproducing words in a visible form.
- (n) The head notes are inserted for convenience and shall not affect the construction of these Articles.
- (o) Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Ordinance at the date on which these Articles become binding on the Exchange.
- (p) The amendments to these Articles shall be applicable from the date of each amendment, unless otherwise specified against the amendment.

II. MEMBERS

A. NUMBER

3. NUMBER

- (a) The number of Members of the Exchange, for the purpose of registration, is declared to be 200, which shall comprise as under:
- (i) 50% of the members shall be local residents of Rawalpindi Division (Punjab), Tribal Areas, Federal Capital Territories of Islamabad, Northern Areas, Azad Kashmir and N.W.F.P.;
 - (ii) 15% of the members shall be Stock Brokers who are members of other Stock Exchanges;
 - (iii) 24% of the members shall be Bodies Corporate including brokerage houses, investment banks and financial institutions;
 - (iv) 11% of the members shall be persons having experience in dealing in securities (investors and agents of stock brokers).
- (b) An individual member shall pay a membership fee of Rs. 200,000/- (Rupees two hundred thousand only) and annual fee of Rs. 1,000/- (Rupees one thousand only). After the expiry of 5 (five) years from the date of registration of Exchange under the Securities & Exchange Ordinance, 1969, the Directors may determine the fees to be charged in this respect from time to time.
- (c) A corporate member shall be required to pay a membership fee and annual fee as the Directors may determine from time to time."

4. INCREASE IN NUMBER

The Exchange in general meeting may, by ordinary resolution, from time to time, determine the maximum number of Members of the Exchange. The Exchange in general meeting may, by special resolution, increase the number of Members beyond 200, after five (5) years from the date of registration of the Exchange under the Securities and Exchange Ordinance, 1969.

B. ADMISSION

5. POWER TO FRAME RULES

Upon these Articles coming into force the Board shall, in accordance with these Articles, frame rules and regulations regarding the admission, expulsion and suspension of Members. The Board shall, subject to the approval of the Securities and Exchange Commission (SECP), have the power to alter, add to, repeal or substitute the said rules and regulations, or any of them, as it may consider necessary or desirable in the interest of the Exchange.

6. APPLICATION IN ACCORDANCE WITH RULES

No application for membership shall be entertained unless it is in conformity with the rules and regulations pertaining thereto as framed by the Board or amended by it from time to time.

7. ELIGIBILITY

- (1) Save as otherwise provided in Sub-Article 2, no person shall be eligible to be a member, if:
- (a) he is less than twenty one (21) years of age;
 - (b) he is not a citizen of Pakistan;
 - (c) he has been adjudicated an insolvent or has suspended payment or has compounded with his creditors;
 - (d) he has been convicted of an offence involving fraud or breach of trust;
 - (e) he has been at any time expelled by this or any other stock exchanges;
 - (f) he has been previously refused admission to membership, unless a period of one year has elapsed since the date of such rejection;
 - (g) he is a lunatic or a person of unsound mind;
 - (h) he has not had experience in the business of securities for a period of not less than two years provided that the Board may waive this requirement relating to experience in the business of securities if such person is, in respect of means, integrity and background, considered by the Board to be otherwise qualified for membership.
- (i) he is not a graduate;
 - (j) if he is member of another Exchange unless he possesses a minimum experience of 10 years as a stock broker;

- (k) he has not paid income tax during the last three years with minimum assessed income of Rs.100,000/-. Brokerage houses which are not three years old should be exempted from this requirement.
- (2) Clauses (i), (j) & (k) of Sub-Article (1) shall apply from 23rd October, 1991 being the date of amendment.
- (3) Provided that the clauses (a) and (i) of Sub-Article (1) above shall not be applicable to a person if he becomes a member as a consequence of inheritance or acquires the membership being nominee as a lineal descendant. Provided further that he shall not be eligible to act as active member of the Exchange, unless he fulfills the conditions laid down in clauses (a) and (i) of Sub Article (1) of Article 7.
8. **CONDITIONS OF CONTINUED MEMBERSHIP**
A member shall at all times maintain a net capital balance in the capital account of an amount which is:
- (a) In case the Exchange in the previous calendar year, had on the cash counter a turnover of securities, other than bonus vouchers, exceeding one crore in number, not less than Rs.250,000/- (Rupees two hundred fifty thousand only) or such other balance as may from time to time be required by law; and
- (b) In any other case not less than Rs.75,000/- (Rupees seventy five thousand only) or such other balance as may from time to time be required by law;
Provided that a Member who is also a member of any other stock exchange shall maintain a net capital balance of not less than Rs.250,000 (Rupees two hundred fifty thousand only) or such other balance as may from time to time be required by the law.
Provided further that, in the case of a partnership firm the amount of the net capital balance to be maintained shall be the amount obtained by multiplying such balance as may be required for a Member of the Exchange by the number of such partners of the firm as are Members of the Exchange.
9. **CAPITAL BALANCE TO BE MAINTAINED**
The membership of a Member or of Members who are partners in a partnership firm and who are in active business shall become suspended as soon as the net capital balance falls short of the amount specified in the preceding Article and shall remain so suspended until the net capital balance is increased so as not to fall short of that amount.
Every Member shall report to the Exchange weekly that he or the firm of which he is a partner had, at all times during the week to which the report relates, a net capital balance of an amount not less than that specified in the preceding Article and shall forthwith inform the Exchange if, at any time, such balance fall short of that amount.
10. **NOTICE OF APPLICATION**
A notice containing relevant details of each applicant for transfer/nomination of membership and their photographs along-with the names of two recommending members of the Exchange, who shall not be members on the Board, shall be posted over the notice board of the Exchange for not less than fifteen (15) days. The comments/observations and complaints received shall be submitted to the Membership Committee and the Board for necessary consideration.
11. **OBJECTIONS**
A member intending to object to the admission of a candidate shall communicate the grounds of his objection to the Board by letter within fifteen (15) days of the posting of the notice referred to in the preceding Article. Any such communication shall be deemed privileged and confidential.
12. **SCRUTINY BY MEMBERSHIP COMMITTEE**
No applicant shall be admitted as a member unless and until his application has been scrutinized by the Membership Committee and a positive recommendation, certified in writing by the Committee Chairman, has been accepted by the Board.
13. **PERSONAL APPEARANCE**
A candidate for admission if required by the Board or Membership Committee shall appear personally before any meeting of the Board or Membership Committee, as the case may be, and shall answer all questions which may be put to him.
14. **ADMISSION BY BALLOT**
The admission of all new members shall be by ballot of the Board. A candidate shall be duly elected if approved in accordance with Article 82.

15. **POWER TO REJECT**
The Board may, in its absolute discretion, reject any application for admission without assigning any reason therefore.
16. **MISREPRESENTATION**
The Board may, in accordance with Article 82, expel a Member if in its opinion he has in or at the time of his application for admission to membership or during the course of inquiry preceding his admission;
- i. made any willful misrepresentation; or
 - ii. suppressed any material information required of him as to his character and antecedents; or
 - iii. directly or indirectly given false particulars or information or made a false declaration.
17. **TIME OF ADMISSION**
A newly elected Member shall, upon receipt of intimation of his election, pay such fees as may be determined from time to time by the Board and, upon payment thereof, be entitled to receive a membership certificate or card.
18. **NOTIFICATION**
When a Member is admitted as provided in the preceding Article a notice of such admission shall be posted on the notice board of the Exchange.
- C. RIGHTS IN MEMBERSHIP**
19. **MEMBERSHIP NOT ASSIGNABLE**
A Member shall not assign, mortgage, pledge, hypothecate or charge his right of membership or any rights or privileges attached thereto and no such attempted assignment, mortgage, pledge, hypothecation or charge shall be effective against the Exchange for any purpose nor shall any right or interest in any membership other than the personal right or interest of the Member therein be recognized by the Exchange. The Board may, in accordance with Article 82, expel any member who acts or attempts to act in violation of the provision of this Article.
20. **NOMINATION/TRANSFER OF MEMBERSHIP**
- (a) A Member of not less than two years standing who desires to resign may nominate a person otherwise eligible under the rules for admission to membership of the Exchange as a candidate for admission in his place.
 - (b) A Member of less than two years standing who desires to resign may with the sanction of the Board nominate his father, spouse, son, daughter, brother, or brother's son, otherwise eligible under the rules for admission to membership of the Exchange as a candidate for admission in his place.
 - (c) Notwithstanding the provisions of sub-clause (a) hereof, the Board may, in their unfettered and absolute discretion, allow any Member, irrespective of the period of his membership, to resign his membership of the Exchange with liberty to nominate a person otherwise eligible under the rules for admission to membership of the Exchange as a candidate for admission in his place.
 - (d) Any Member, during the tenure of his membership, may nominate in writing executed before the Chairman, Managing Director or Secretary of the Exchange or sent to the Office, duly supported by an affidavit, any other eligible person to become a Member upon his death. Such nomination shall be subject to acceptance by the Board. In the absence of such nomination or in the case of non-acceptance of such nomination, the representatives of the deceased Member may, with the sanction of the Board, nominate one of themselves or any other eligible person for admission in the place of deceased Member.
 - (e) A fee of Rs.2,500/- shall be paid by a Member elected on the nomination of a Member who wishes to resign, except a legal heir, nominated by a deceased Member who will not be required to pay the election fee.
 - (f) The manager of the estate of a Member who is of unsound mind may, with the sanction of the Board, nominate himself or any other eligible person for admission in place of such Member.
 - (g) The Board may, in its discretion, without assigning any reason whatsoever therefor, refuse to accept or approve any nomination.
 - (h) In the event of the Board accepting any nomination, the original Member shall cease to be a Member and the nominated Member shall become a Member in his place from the date of acceptance.

- (i) When any Member dies or is of unsound mind, all his debts and other liabilities to any Member, to the extent that the same shall have been admitted by the Board, shall be paid and satisfied or otherwise secured by the person nominated by the deceased Member under his will or testamentary writing or by his legal representative or by the manager of the estate of the person of unsound mind before exercising his right of nomination.
- (j) If the person nominated by the deceased member under his will or testamentary writing or his legal representative or the manager of the estate of the Member of unsound mind shall be unable to pay and satisfy or otherwise secure such debts and liabilities, his right of membership shall be disposed of by the Board and proceeds thereof applied in the following order of priority to the following purposes, namely;
 - (i) the payment of all debts, fines, moneys and other charges due and payable by such Member to the Exchange or the Clearing House;
 - (ii) the payment and satisfaction of all debts, obligation and claims arising from all contracts or engagements made subject to the rules of the Exchange to the extent that the same shall have been admitted by the Board, and if such proceeds shall not be sufficient to pay and satisfy such debts, obligations and claims in full they shall be paid and satisfied prorata; and
 - (iii) the payment to the person nominated by the deceased Member under his will or testamentary writing or to his legal representatives or the manager of the estate of the member of unsound mind appointed as aforesaid of the surplus, if any, of such proceeds upon the execution by him or them of such release or indemnity as the Board may require.
- (k) A right of membership which under any Article, rule or regulation for the time being enforce is forfeited to or vests in the Exchange, shall belong absolutely to the Exchange, free of all rights, claims or interest of such Member or any person claiming through such Member or in his insolvency, and Board shall be entitled to deal with or to dispose off the said right of membership as the Board may think fit. If the Board sells such rights of membership, the sale proceeds thereof shall in the first place be applied as provided in sub-clause (j) and the surplus, if any, of such proceeds shall form part of the funds of the Exchange.
- (l) In case nomination made under sub-clause (d) and (f) are not acceptable to the Board, the Board may make such other arrangements as it thinks necessary.
- (m) When accepted by the Board, nomination shall carry all rights and privileges as a Member including any right to the use of, or claim upon or any interest in any property or funds of the Exchange.
- (n) The provision of this Article and its various clauses shall be applicable to a Corporate Member, as far as may be; in case of its liquidation or winding-up and the liquidator shall observe the conditions as nearly as possible as in the foregoing clauses (i), (j) and (k), wherein the claims of the Exchange and/or its Members shall have priority.
- (o) The membership shall not be transferable through sale for the first five years from the date of Registration of the Exchange under the Securities & Exchange Ordinance, 1969.
- (p) The membership of an active member shall not be transferred by sale or otherwise after the period of five years from the date of his membership if by his transfer total number of active members may fall below fifty (50).
Provided that for the calculation of number of active members, the new member to be entered on the register of members as a result of such transfer may be included as an active member if such new member fulfills all the conditions of active membership.

D. PARTNERSHIP

21. PARTNERSHIP WITH NON-MEMBERS PROHIBITED

No partnership of Members shall be formed for the purpose of transacting business on the Exchange except between:

- (a) any two or more Members; or
- (b) a Member and his son, spouse or daughter; or
- (c) two or more Members and their sons, spouses or daughters.

22. SUSPENDED MEMBERS

A Member shall not form a partnership with a suspended Member whilst the latter is under suspension.

23. **PARTNER IN ONE FIRM ONLY**
No person shall at the same time be a partner in more than one partnership firm.
24. **PERMISSION**
No member shall form a partnership or admit a new partner to an existing partnership or make any change in the name of an existing partnership without the prior approval of the Board.
25. **BOARD SOLE JUDGE OF PARTNERSHIP**
The Board shall be the sole judge as to what constitutes a partnership within the meaning of these Articles and its decision shall be final.
26. **INFORMATION**
Every application for permission shall be accompanied by such information as may be required by the Board.
27. **WITHDRAWAL OF PERMISSION**
The Board, in its discretion, may at any time, in accordance with Article 82 and after giving reasons therefore, terminate any partnership by withdrawing any permission which it may have given and the partners so affected shall conform to such directions as the Board may make.
28. **NOTIFICATION OF CHANGES**
The Members of a partnership must forthwith communicate to the Exchange in writing under the signatures of all the partners or surviving partners any change in such partnership either by dissolution or death or retirement of any partner.
29. **REGISTER OF PARTNERSHIPS**
A register of partnerships shall be maintained by the Exchange in which shall be entered the names of partnerships and the names and addresses of the partners and any change in such partnerships or names together with the relevant dates. Such register shall be open to inspection by Members, without payment therefore, during the working hours of the Exchange.
30. **FICTITIOUS OR MISLEADING NAMES**
The Board shall refuse to allow a partnership under a name which is fictitious or misleading.
31. **PRINTING OF NAMES**
A partnership firm shall state on all communications and circulars relating to stock exchange business and on all contract notes the name of the firm and the names of all partners therein.
32. **LIABILITY OF MEMBER PARTNERS**
- (i) All members who are partners of a firm which is guilty of any act or omission which if done by an individual Member would render any such Member liable to expulsion, suspension or any other penalty shall be liable to be expelled, suspended or penalized as the case may be. Business by a partnership firm shall be done in the name of the firm and all the partners of the firm shall be liable jointly and severally in respect of all dealings of the firm.
 - (ii) The partnership shall be treated as one entity and on formation of the partnership, the name of the partners shall be entered in the Register of Partnership with full particulars of all the partners. Provided the members constituting a partnership shall have the individual voting rights in all meetings.
 - (iii) The partnership and all the partners of the firm shall be liable for all the bargains made by any partner of the firm. In case of default the partnership shall be liable to clear all the dues and the default proceedings shall be instituted against all partners of the firm.
- 33 (a) **CORPORATE MEMBERSHIP**
A corporate body applicant for membership must fulfill the following requirements:
- (i) be a company or a statutory corporation or a body corporate;
 - (ii) have a minimum issued, subscribed and paid up capital of Rs.5 million which minimum limit may be increased by the Directors to be effective after being notified in the official gazette. The directors of corporate members shall also furnish personal guarantees in accordance with the regulations of the Exchange.
 - (iii) In the case of statutory corporation or body corporate to which section 183 of the Companies Ordinance 1984 applies, the membership application shall be accompanied by a 'no objection' from the Federal or Provincial Government as the case may be.

- 33 (b) A 'corporate member' shall communicate to the Secretary of the Exchange in writing, signed by the chairman of its board of directors or chief executive, the names of all directors and all its shareholders bi-yearly as on 30th June and 31st December in each calendar year and shall communicate in writing immediately all changes and shall be bound to supply such other, further, or additional information as is or may be required under the hand of the Secretary of the Exchange, including, and in particular, information relating to all notices and proceedings of or relating to winding up and for liquidation of the company, corporation/corporate body. The membership of the corporate body, may forthwith be cancelled by the Directors, if such body is subject matter of winding up proceedings, whether compulsory, voluntary, or is wound up, the membership shall ipso facto cease, with winding up or resolution to this effect.
- 33 (c) The liability of a Corporate Member shall not exceed its issued, subscribed and paid up capital which shall include all its unappropriated profits, reserves and a credit resulting from the value of assets and properties (including cash at hand and banks) after adjusting all liabilities.
- 33 (d) The liability of a corporate member shall be limited as provided in preceding Article 33(c) with claims of members ranking prior to any other liabilities for which the corporate members shall obtain N.O.C. from the Stock Exchange before creating any charge, failure in which behalf shall make the directors of the corporate member, jointly and severally liable.
- 33.(e) The corporate body shall state on all communications and circulars relating to stock exchange business and on all contract notes the registered name and registered office.
- 33 (f) Any individual member, with prior approval of the Board, may convert his membership into corporate membership and upon such terms and conditions and on such conversion fee as may be prescribed by the Board from time to time.
- 33 (g) The conversion under Article 33(f) would become effective once the Board has passed a resolution to that effect.
- 33 (h) The regulations applicable to the corporate membership shall be applicable to all such conversions from the date of approval by the Board.
34. **PARTNERSHIP DISSOLVED ON DEFAULT**
The default of a partnership firm shall ipso facto dissolve the partnership and should the member partners of such firm when re-admitted desire to renew the partnership they shall apply for permission to the Board as provided above.

E. DUES, FEES AND CHARGES

35. **SUBSCRIPTIONS AND FEES**
Every Member shall pay, at such time or times and in such manner as the Board shall direct, such admission and entrance fees and such annual subscription or other fees and charges as may, from time to time, be determined by the Board provided that, such subscription, fees or charges shall become effective on confirmation by the Members in general meeting.
36. **LIABILITY FOR FEES**
A Member who for any reason ceases to be a Member of the Exchange shall nevertheless remain liable for, and shall pay to the Exchange, all money which at the time of his ceasing to be a Member shall have been due by him to the Exchange or to the Clearing House.
37. **FAILURE TO PAY**
If a Member fails to pay his subscription fees, charges or other money which may be due by him to the Exchange within one month (30days) after notice in writing has been served upon him by the Exchange, he may be suspended by the Board until he makes payment and if within a further period of two months he fails to make such payment, he may be expelled by the Board in accordance with Articles 82 and 108. Provided that this Article shall not be applicable to the dues owed by a Member to the Clearing House of the Exchange.

F. DEFAULT

38. **DEFAULTER**
The Board may, in accordance with Article 82, declare a Member who fails to meet his obligation to a Member, or non-member, arising out of an Exchange transaction, to be a Defaulter. A Member who is declared a defaulter, as aforesaid, shall at once cease to be a Member of the Exchange and as such cease to enjoy any of the rights and privileges of membership but the rights of his creditor Members against him shall remain unimpaired.

39. **MEMBERSHIP ON DEFAULT**

A Member's right of membership shall lapse to and vest in the Exchange immediately after he is declared a defaulter.

40. **RE-ADMISSION**

A defaulter may apply for re-admission in accordance with the procedure for admissions as hereinabove provided save that his application, in addition to scrutiny by the Membership Committee, shall be scrutinized by Default Management Committee, to be set up by the Board, which shall investigate his conduct and accounts. The Default Management Committee may recommend to the Board on which terms and conditions (relating to security, undertakings, etc.) the defaulter may be re-admitted.

41. **DEFAULTER INELIGIBLE FOR OFFICE**

A Member who has been declared a defaulter at any time shall not be eligible to be elected or appointed a member of the Board or of any committee or as an office bearer of the Exchange.

G. TERMINATION OF MEMBERSHIP

42. **WHEN MEMBERSHIP CEASES**

No Member shall continue as such if

- (a) he ceases to be a citizen of Pakistan; or
- (b) he has been adjudicated as an insolvent or has suspended payment or has compounded with his creditors; or
- (c) he is convicted of an offence involving fraud or breach of trust; or
- (d) he is declared lunatic or a person of unsound mind, or
- (e) he is declared a defaulter under Articles 37 and 38 or is expelled under Article 108.

43. **EFFECT OF CEASING TO BE MEMBER**

When a Member ceases to be such under the provisions of the preceding Article it shall be as if such Member has been expelled by the Board and, in that event, the provisions relating to expulsion, as hereinafter provided, shall apply to such Member.

44. **RESIGNATION**

A Member wishing to resign from the membership of the Exchange shall serve on the Exchange a month's written notice to that effect which shall be posted on the Notice Board of the Exchange.

45. **OBJECTION TO RESIGNATION**

Any Member objecting to any resignation that has been so notified shall communicate the grounds of his objection to the Board, in writing, within fourteen (14) days of the posting of such notice.

46. **ACCEPT OR REFUSE RESIGNATION**

The Board may accept the resignation of a Member either unconditionally or on such condition as it may think fit or may refuse to accept such resignation and in particular may refuse to accept such resignation until it is satisfied that all outstanding transactions with such Member have been settled.

III MEMBERS' MEETING & PROCEEDINGS

A. GENERAL MEETING

47. **ANNUAL GENERAL MEETING**

A meeting to be called annual general meeting, shall be held once at least in every year within a period of four Months following the close of the Exchange's financial year and not more than fifteen months after the holding of its last annual general meeting as may be determined by the Directors.

48. **OTHER MEETINGS**

All general meetings of the Exchange other than the annual general meeting shall be called extraordinary general meetings.

49. **EXTRAORDINARY MEETINGS**

The Directors may whenever they think fit, call an extraordinary general meeting, and extraordinary general meetings shall also be called by the Directors on the requisition of Members representing one-tenth of the total number of Members on the date of deposit of the requisition provided that, if the Directors do not call such a meeting within twenty one (21) days of the requisition, the requisitionists may proceed to call the meeting themselves in accordance with the provisions of these Articles.

If at any time there are not within Pakistan sufficient Directors capable of acting to form a quorum, any Director of the Exchange may call an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be called by the Directors.

B. NOTICE AND PROCEEDINGS

50. **NOTICE OF MEETINGS**

Twenty-one days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and, in case of special business, the general nature of that business, shall be given in the manner provided by the Ordinance for the general meeting, to such persons as are, under the Ordinance or the regulations of the Exchange, entitled to receive such notices from the Exchange; but the accidental omission to give notice to, or the non-receipt of notice by any Member shall not invalidate the proceedings at any general meeting.

51. **SPECIAL BUSINESS**

All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meetings with the exception of the consideration of the accounts, balance sheet and the reports of the Directors and auditors, the election of the Chairman and Directors, the appointment of, and the fixing of the remuneration of, the auditors.

52. **QUORUM**

No business shall be transacted at any general meeting unless a quorum of Members is present at that time when the meeting proceeds to business. Three (3) persons representing not less than twenty five (25) percent of the total existing membership shall constitute a quorum.

53. **EFFECT OF QUORUM NOT BEING PRESENT**

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved: in any other case, it shall stand adjourned to the same day in the next week at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present, being not less than two, shall be a quorum.

54. **CHAIRMAN OF MEETING**

The Chairman of the Exchange, shall preside as chairman at every general meeting of the Exchange, but if at any meeting, he is not present within fifteen minutes after the time appointed for the meeting, or is unwilling to act as chairman, one of the Directors shall be elected as Chairman and if none of the Directors is present or willing to act as Chairman, the Members present shall choose one of their Members to be Chairman.

55. **ADJOURNMENT**

The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

56. **VOTING**

In any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Exchange shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

57. **POLL**

A poll may be demanded by any five or more Members. If a poll is duly demanded, it shall be taken by secret ballot and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

58. Deleted.

59. **CASTING VOTE**

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall have and exercise a second or casting vote.

C. VOTES OF MEMBERS

60. **RIGHT TO VOTE**

Subject to the restrictions for the time being on defaulters and disqualified Members, as herein provided, on a show of hands or on a poll every Member shall have one vote.

61. **DISQUALIFIED MEMBERS**

(1) A Member shall not be entitled to be present or to vote or to otherwise participate in any general meeting, including one for the election of Directors, if he is in default of arrears of the Exchange such as Annual Membership Fee, Room Rent, electricity and telex charges and any and all other dues.

(2) The Board shall by 31st August each year, scrutinize and determine, the list of members who are disqualified under this Article and shall intimate the same to such disqualified Members under registered cover within a week of such scrutiny. Any such disqualified Member who clears his dues and arrears including the financial charges before 30th September of that year shall have his name removed from the said list and shall be duly entitled to exercise his right to attend, participate in and vote at general meetings.

62. **SUSPENDED MEMBERS AND DEFAULTERS**

A Member who has been declared a defaulter or has been suspended by the Board shall not be entitled to be present or to vote at any general meeting.

IV. MANAGEMENT AND ADMINISTRATION

A. BOARD OF DIRECTORS

63. **NUMBER OF DIRECTORS**

(a) There shall be a Governing Board of Directors consisting of: -

(i). Five Directors to be elected from amongst the Members by the General body.

(ii) Four non-member directors to be nominated and appointed by the Securities and Exchange Commission of Pakistan from professionals including but not limited to non-member securities market experts, lawyers, chartered accountants, investment bankers, I.T experts, management experts, in consultation with such professional bodies as the Commission may consider appropriate i.e. Management Association of Pakistan (MAP), Institute of Chartered Accountants of Pakistan (ICAP), Institute of Cost and Management Accountants of Pakistan (ICMAP), Pakistan Bankers' Association, Investment Banks Association of Pakistan, Modaraba Association of Pakistan, Leasing Association of Pakistan and Mutual Funds Association of Pakistan.

(iii) Managing Director who shall by virtue of his office, be the director on the Board.

(b) The Chairman shall be elected by the Board from amongst the non-member directors, appointed in accordance with 63(a)(ii) above. Provided that in the election of Chairman, the Managing Director shall not participate.

(c) The Chairman shall be the Chairman of the Board and shall exercise such powers and functions of the Chairman as are expressly conferred by these Articles.

(d) All the elected and nominated Directors including the Chairman, shall stand retired on October 31, every year, whether in an AGM or EOGM as the case may be.

(e) A Member, who has been elected as Director consecutively for two years shall not be eligible for re-election or co-option for the third term but there shall be no objection to his seeking election or co-option after lapse of one term.

(f) The elected, nominated and appointed Directors shall have the same rights and privileges as the elected directors of the Exchange.

64. **ELECTION OF DIRECTORS**

The Exchange shall in the month of October every year in the manner herein provided elect the Directors on the Board.

65. **ELIGIBILITY FOR ELECTION**
Except for nominee directors, no Member shall be eligible for election to the post of Director or Chairman if he has not been a Member for a period of one year immediately preceding the date of election.
66. **BALLOT**
The election of Directors shall be by ballot, of which not less than twenty one (21) days notice has been given by the Board.
67. **FILING OF NOMINATIONS**
Nominations for election to the office of Directors shall be filed with the Secretary of the Exchange not less than fifteen (15) days before the date of election. Nomination papers must be proposed and seconded by two Members and must also indicate the consent, in writing, of the candidate. However, for the election of the Chairman, nominations duly proposed and seconded by two Directors may be filed in the Board meeting where the election of the Chairman is to be held.
68. **NOTICE OF CANDIDATES**
The Secretary of the Exchange shall, at least seven (7) days prior to the date of elections, post a notice on the notice board of the Exchange listing all candidates for election alongwith their proposers and seconders.
69. **INSUFFICIENT CANDIDATES**
If the number of candidates does not exceed the number of Directors to be elected no ballot shall be necessary and the candidates listed in accordance with the preceding Article shall be deemed elected. If the number of candidates is fewer than the number of Directors to be elected, the Directors shall fill the remaining vacancies within thirty days of their election.
70. **NUMBER OF VOTES**
A Member shall have such number of votes as is equal to the number of Directors to be elected but shall not give more than one vote to any single candidate.
71. **SCRUTINIZERS**
The Board shall appoint two Members of the Exchange, not being Directors, to act as scrutinizers at the election and they shall report the result of the election to the Exchange and to the Board.
72. **HOW DIRECTORS ELECTED**
The candidate who gets the highest number of votes shall be declared elected as Director and then the candidate who gets the next highest number of votes shall be so declared and so on until the total number of Directors to be elected has been so elected.
73. **INVALID ELECTION**
Subject to Article 69, if at any ballot for the election of Directors no valid election has been made the retiring Board shall remain in office until a valid election shall have been made. Provided, however, that fresh elections shall be held as soon as practicable and in any case, not later than sixty (60) days from the date of the invalid election.
74. **DELETED**
75. **DELETED**
76. **FILLING OF VACANCY**
The Board may co-opt an eligible person as a temporary Director if a vacancy of an elected Director is created during the year. Any vacancy created in respect of nominee directors shall be filled by the nominating agency. The Director so co-opted shall hold the office for the remaining period up to 31st December.
77. **REMUNERATION OF DIRECTORS**
The remuneration to be paid to any Director for attending the meetings of the Directors or a committee of Directors shall from time to time be determined by the Board of Directors in accordance with law.
- B. POWER AND DUTIES OF DIRECTORS**
78. **GENERAL MANAGEMENT POWERS**
The business of the Exchange shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Exchange, and may exercise all such powers of the Exchange, as are not by the Ordinance or by these regulations, required to be exercised by the Exchange in general meeting, subject nevertheless to the provisions of the Ordinance or to any of these regulations, and such regulations being not inconsistent with the aforesaid provisions, as may be prescribed by the Exchange in general meeting but no regulations

made by the Exchange in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulations had not been made.

Save, no directors of ISE shall participate in any discussion and/or vote on any matter if he has any interest, pecuniary or otherwise, in such matter could reasonably be regarded as giving rise to a conflict of interest between his duty to honestly discharge his functions as a director in ISE and his professional and/or business occupation.

78(A) **BORROWING POWERS**

Without prejudice to the general powers conferred by the preceding Articles and the other powers conferred by these presents, it is hereby expressly declared that the Board may exercise all the powers of the Exchange to borrow money and to mortgage or charge its undertaking, property and assets (both present and future) in such manner and upon such terms and conditions as it may think fit and to issue any securities, bonds, TFCâ€™s etc whether outright or as collateral security for any debt, liability or obligation of the Exchange or of any third party.

79. **MINUTE BOOKS**

The Directors shall cause minutes to be made in books provided for the purpose of;

- (a) all appointments of officers made by the Directors;
- (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
- (c) all resolutions and proceedings at all meetings of the Exchange and of the Directors and of committees of Directors.

and every Director present at any meeting of Directors or committee of Directors shall sign his name in a book to be kept for that purpose.

C. DISQUALIFICATIONS OF DIRECTORS

80. **DISQUALIFICATIONS OF DIRECTORS**

- (1) No Director of the Exchange, or Company or Firm under the control of such Director, shall have any business dealing with the Exchange or enter into contracts with, or do any work for the Exchange. For the purposes of this Article the Board shall be the sole judge as to what constitutes a "business dealing". The Director in question shall not vote at any meeting in which the Board is exercising its jurisdiction under this Article, and if he does so vote, his vote shall not be counted.
- (2) No person shall become a Director of the Exchange if he suffers from any of the disabilities or disqualifications mentioned in Section 187 of the Ordinance and, if already a Director, shall ipso facto cease to hold such office from the date he becomes disqualified or disabled under Section 188 of the Ordinance. The office of a Director shall also be vacated ipso facto if;
 - (a) he or his firm, suspends payment or is adjudicated insolvent, or if he or his firm compounds with his or its, as the case may be, creditors;
 - (b) he, by notice in writing, resigns his office; or
 - (c) he is concerned or interested in or participates in the profit of any contract with or work done for the Exchange.
 - (d) In case of Managing Director if he resigns or is removed from his service.

D. PROCEEDINGS OF DIRECTORS

81. **MEETINGS OF DIRECTORS**

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Except as provided in Article 82, all questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have and exercise a second or casting vote. The Chairman may at any time and shall upon the request, in writing, of any three Directors, summon a meeting of Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Pakistan.

81(A) **CALL OF MEETINGS**

The Secretary shall upon the request of the Chairman or the Managing Director or any four Directors convene a meeting of the Board.

82. **CERTAIN DECISIONS**

All decisions of the Board in respect of the admission or expulsion of Members shall be taken by a resolution passed by not less than two-third (2/3) of its number. Provided that such

admission or expulsion, except in the case of a member in default as provided in Articles 38, 39 and 40, shall become effective upon confirmation by the members in general meeting. Provided further that all acts and deeds carried out by the member, in the ordinary course, consequent upon election of such member by the Board of Directors, shall remain valid upto the date of the general meeting next following, in case the general meeting does not confirm such admission.

83. **QUORUM FOR DIRECTORS' MEETINGS**

The quorum for a meeting of directors shall not be less than one third of their number or four, whichever is greater.

84. **CHAIRMAN OF DIRECTORS MEETINGS**

The Chairman shall preside at all meetings of the Board. If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the same or is unwilling to act as chairman, the Directors present may choose one of their number to be chairman of the meeting.

85. **VALIDITY OF DIRECTORS' ACT**

All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

86. **RESOLUTION IN WRITING**

A resolution in writing signed by three-fourths (3/4) of the total number of Directors for the time being entitled to receive notice of a meeting of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held.

87. **VOTING**

A member of the Board shall be entitled to take part in the proceedings but he shall not be competent to vote:

- (a) on any question in which he is personally interested, the Chairman of the meeting being the final judge whether he is so interested or not; or
- (b) on the final decision in respect of any inquiry or dispute on which a decision has been given by a committee of which he has been a member except that no member of the Board shall be so disqualified by reason of his being or having been a member of a committee which has made prior examination or investigation of the subject under consideration for the purpose of submitting a report; or
- (c) on the decision in respect of any inquiry or dispute unless he has been present at every meeting of the Board at which there has been a hearing of the inquiry or dispute.

88. **OVERRIDE OF DECISIONS**

Any decision duly taken by Board shall be binding upon the same Board, during its term in office, unless overruled by it by a resolution passed by two-thirds (2/3) of its members.

E. CHAIRMAN

89. **CHAIRMAN OF THE EXCHANGE**

The Board soon after its formation shall from amongst the non-member Directors appointed under Article 63 (a)(ii), by ballot, elect a Chairman of the Board of the Exchange who shall upon taking office be entitled to all rights and privileges, and subject to all the liabilities, of that office. The Chairman shall hold office for a term of one year and shall be eligible for re-election in the same manner provided, no Chairman shall hold office for a period of more than two consecutive terms. A Chairman who has held office for the said two consecutive terms shall be eligible for re-election only after a period of one year from the date he last ceased to hold office.

90. **DELETED**

91. **POWERS OF CHAIRMAN**

The Chairman, shall exercise such powers and functions as the Board may determine except the executive powers which are vested in or delegated to the Managing Director. All routine matters shall be dealt with by the Managing Director independently in which the Chairman shall not interfere. All matters arising out of policy decisions and reports on all important matters shall be referred by the Managing Director to the Chairman who may;

- (i) approve the proposal/report without any comment,
- (ii) in case of disagreement he may add his comments, before submission to the relevant authority,
- (iii) refer it to the Board for which he shall be required to call an emergency meeting of the Board and such matter(s) or the report may be considered and approved by the Board with or without any modification.

The Chairman may, without seeking the Board's approval, call a general meeting whenever he considers it necessary to do so.

F. MANAGING DIRECTOR

92. MANAGING DIRECTOR

- (a) The Board subject to prior approval of the Securities and Exchange Commission of Pakistan shall appoint a qualified and experienced person as a whole time paid Managing Director who shall function as the chief executive of the Exchange. The appointment of Managing Director shall be made for such period, not exceeding three years at a time, and on such terms and conditions as the Board may determine. The person so appointed shall not engage himself in any business, profession or vocation directly or indirectly including trading or dealing in shares and securities during the period he holds the office of chief executive. The termination/ removal of the Managing Director from the office or non-renewal of his contract shall take effect only after the concurrence of the Commission.
The Managing Director shall be liable to dismissal or removal from his office with three-fourth of the total number of directors or by special resolution passed in a General Meeting once the Commission has consented to this effect.
- (b) A person shall not be eligible for appointment as Managing Director if he is a member of any stock exchange in Pakistan.
- (c) The qualifications and experience required for initial appointment of a person as the Managing Director will be determined by the Board in consultation with the Securities and Exchange Commission.
- (d) The Managing Director shall have the executive powers to run, superintend and effectuate the day-to-day operations, administration and general management of the Exchange, implement decisions and directions of the Board, enforce Articles of Association, Rules & Regulations and Bye-Laws of the Exchange and exercise such other powers, functions and authority as may be delegated or entrusted to him by the Board from time to time. He shall also have the general charge and control over the employees of the Exchange.
- (e) In the absence of Managing director, his powers and functions may be delegated or entrusted to Secretary by the Board upon such conditions and with such limitations as it may deem fit.
- (f) Subject to directions of the Board, Managing Director shall be the authorized representative of the Exchange for the Securities and Exchange Commission, other governmental agencies and authorities, institutions, general public and outsider on all matters and affairs of the Exchange.
- (g) The Managing Director shall also have the powers in the matters which concern disciplining of trading and members activities under the Articles of Association, Bye-Laws and Rules and Regulations of the Exchange.
- (h) The Board shall not delegate its authority relating to operational matters to any director except the Managing Director, if it is so expedient.

92 (A) SECRETARY

The Secretary shall under the general control and directions of the Managing Director carry on the general management of the Exchange and shall perform such other duties as the Chairman and Managing Director may direct.

93. SECRETARY NOT TO DEAL ON EXCHANGE

The Secretary shall not be a party to or concerned in any speculative dealing on the Exchange or with any member.

94. SECRETARY OF THE BOARD

The Secretary shall be the Secretary of the Board and attend all meetings of the Board.

95. **SECRETARY TO ATTEND MEETINGS**
The Secretary shall attend all meetings of the Exchange, Board, Executive, Membership and Defaulters' Committees, and if necessary other committees and shall cause proper minutes to be kept of the proceedings of all such meetings.

96. **RECORD TO BE MAINTAINED**
The Secretary shall cause records and registers to be maintained as may be required by law or by the Board.

97. **DELETED**

98. **LIST OF MEMBERS**
The Secretary shall publish and maintain a list of Members to be forwarded to any applicant upon request.

99. **NOTICE BOARD**
No notice, communication or announcement shall be posted on the notice board of the Exchange except through or under the authority of the Exchange.

100. **DELETED**

101. **DELETED**

G. COMMITTEES

102. **MEMBERSHIP COMMITTEE**
There shall be a Membership Committee comprising of Board Members to scrutinize all applications for new membership.

103. **OTHER COMMITTEES**
The Directors may from time to time and at any time constitute a committee or committees consisting of two or more persons, whether Directors or Members, as they think fit, to undertake any function and responsibilities entrusted to it/them by the Directors. Any committee so formed shall, in the exercise of the power so delegated, conform to any restriction that may be imposed on it by the Directors.

104. **CONVENER OF COMMITTEE MEETINGS**
A committee may elect a convener of its meetings, but, if no such convener is elected, or if at any meeting the convener is not present within fifteen (15) minutes after the time appointed for holding the same or is unwilling to act as convener, the members present may choose one of their members to be convener of the meeting.

105. **PROCEEDINGS OF COMMITTEE MEETINGS**
A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present. In case of an equality of votes, the convener shall have and exercise a second or casting vote.

106. **ADVISORY COUNCIL**
The Board may nominate at least three persons from the Members to form an Advisory Council. The council may co-opt all the past Presidents/Chairmen or any other person considered suitable as its member. It shall give its recommendations on any matter referred to it by the Board.

H. REMOVAL OF DIRECTORS

107. **REMOVAL OF DIRECTORS**
A Director elected by the Members, including the Chairman, may be removed by a special resolution of the Members passed at a general meeting by two-third majority votes.

V. DISCIPLINARY PROCEEDINGS

108. **BOARD'S JURISDICTION**
The Board may, by a resolution passed by two-thirds (2/3) of its number, expel or suspend and/or fine and/or censure and/or warn and/or withdraw any of the membership rights of a Member if he be guilty of contravention, noncompliance, disobedience, disregard or evasion of any of the rules, Bye-laws and Regulations of the Exchange or of any resolutions, orders, notices, directions or decisions or rulings of the Exchange or the Board or of any committee of officers of the Exchange authorized in that behalf or of any conduct, proceeding or method of business which the Board in its absolute discretion deems dishonorable, disgraceful or unbecoming of a Member of the Exchange or inconsistent with just and equitable principles of trade or detrimental to the interests, good name or welfare of the Exchange or pre-judicial or subversive to its objects and purposes. Provided that, where the Board is exercising its power of expulsion, such expulsion shall become effective in accordance with Article 82.

109. **OFFENSES BY PARTNERS, AGENTS, ETC.**
The Board may, by a resolution passed by two-thirds (2/3) of its number, expel or suspend and/or fine and/or censure and/or warn the partner of a Member or his attorney, agent, clerk or employee for any act or omission which if done or omitted by the Member would subject him to the same penalties. Provided that, where the Board is exercising its power of expulsion, such expulsion shall become effective in accordance with the Article 82.
110. **MEMBERS' RESPONSIBILITY FOR PARTNERS, AGENTS, ETC.**
A Member shall be fully responsible for the acts and omissions of his partnership firm and of his partners, attorneys, agents, clerks and employees and shall be liable therefor.
111. **MEMBERS AND OTHERS TO TESTIFY**
A Member shall appear before and cause his partners, agents, attorneys, clerks and employees to appear and testify before the Board, Chairman, committee or officer of the Exchange authorized in that behalf and shall produce and cause to be produced such books, correspondence, documents, papers and records or any part thereof which may be deemed relevant or material to any matter under inquiry or investigation.
112. **NO LEGAL REPRESENTATION**
No person shall have the right to be represented by professional counsel, attorney or advocate in any investigation or hearing unless the Board or committee so permits.
113. **EXPLANATION**
A Member shall be entitled to be summoned before the Board and afforded an opportunity for explanation before being penalized but the findings of the Board shall be final and conclusive.
114. **IMPOSITION OF PENALTIES**
The penalty of suspension, withdrawal of all or any of the membership rights, fine, censure or warning may be inflicted singly or jointly by the Board.
115. **FAILURE TO PAY FINES AND PENALTIES**
If a Member fails to pay any fine or penalty imposed on him within the period stipulated by the Board he may be suspended by the Board until he makes payment and if within a further period of thirty days he fails to make such payment he may be expelled by the Board in accordance with Article 82.
116. **CONSEQUENCES OF SUSPENSION**
The suspension of a Member shall have the following consequences:
(a) the suspended Member shall during the term of his suspension be deprived of and excluded from all the rights and privileges of Membership including the right to attend and vote at any meeting of the Exchange but he may be proceeded against by the Board for any offence committed by him either before or after his suspension and the Board shall not be debarred from taking cognizance of and adjudicating on or dealing with any claim made against him by other Members;
(b) the suspension shall not affect the rights of Members who are creditors of the suspended Member;
(c) the suspended Member shall be bound to fulfill contracts outstanding at the time of his suspension;
(d) the suspended Member shall not during the term of his suspension make any bargain or transact any business with or through a Member provided that he may with the prior permission of the Board close transactions outstanding at the time of his suspension; and
(e) no Member shall have any business dealings with a suspended Member during the term of his suspension except with the prior permission of the Board.
117. **CONSEQUENCES OF EXPULSION**
The expulsion of a Member shall have the following consequences:
(a) the expelled Member shall forfeit to the Exchange his right of membership and all rights and privileges as a Member including any right to the use or any claim upon or any interest in any property or funds of the Exchange but any liability of any such Member to the Exchange continue and remain unaffected by his expulsion;
(b) the expulsion shall create a vacancy in any office or position held by the expelled Member;
(c) the expulsion shall not affect the rights of the Members who are creditors of the expelled Member;

- (d) the expelled Member shall be bound to fulfill transactions outstanding at the time of his expulsion and may with the prior permission of the Board close such outstanding transactions with or through a Member; and
- (e) no Member shall have any business dealings with the expelled Member except with the prior permission of the Board.

118. **NOTICE OF PENALTY**

Notice shall be given to the Member concerned and to the Members in general by a notice on the notice board of the Exchange of any penalty imposed on a Member. The Board may in its absolute discretion and in any manner it thinks fit notify or cause to be notified to the members or to the public that any person who is named in such notification has been penalized. No action or other proceedings shall in any circumstances be maintainable by such person against the Exchange or the Board or any Member of the Board or any officer or employee of the Exchange for the publication or circulation of such notification (and the application for membership or registration as a partnership shall operate as license and this Article shall operate as leave to print, publish or circulate such advertisement or notification and be pleadable accordingly).

VI. THE SEAL

119. **COMMON SEAL**

The Directors shall provide a common seal of the Exchange which shall not be affixed to any instrument except by the authority of a resolution of the Board or by a committee of Directors authorized in that behalf by the Directors, and two Directors or one Director and the Secretary of the Exchange shall sign every instrument to which the common seal is affixed.

VII. ACCOUNT AND AUDIT

120. **BOOKS OF ACCOUNT**

The Directors shall cause to be kept proper books of account as required under Section 230 of the Ordinance.

121. **PLACE WHERE ACCOUNTS KEPT**

The books of account shall be kept at the office or at such other place as the Directors shall think fit and shall be open to inspection by the Directors during business hours.

122. **INSPECTION BY MEMBERS**

The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books or papers of the Exchange or any of them shall be opened to the inspection of Members not being Directors, and no Member (not being a Director) shall have any account and book or papers of the Exchange except as conferred by law or authorized by the Directors or by the Exchange in general meeting.

123. **FINANCIAL YEAR OF EXCHANGE**

The Exchange may, as the Board determine, close its accounts at the end of the fiscal year or at the end of the calendar year.

124. **SCHEDULED BANK**

The accounts of the Exchange shall be kept in a scheduled bank(s).

125. **ANNUAL ACCOUNTS**

The Directors shall as required by Sections 233 and 236 of the Ordinance cause to be prepared and to be laid before the Exchange in general meeting such income and expenditure accounts and balance sheets duly audited and reports as are referred to in those sections.

126. **BALANCE SHEET AND INCOME AND EXPENDITURE ACCOUNT**

A balance sheet, income and expenditure account, and other reports referred to in the preceding Article shall be made out in every year and laid before the Members in the annual general meeting made up to a date not more than four months before such meeting the balance and income and expenditure account shall be accompanied by a report of the Auditors of the Exchange and the report of Directors.

127. **COPY OF ACCOUNTS TO BE SENT TO MEMBERS**

A copy of the balance sheet and income and expenditure account and reports of Directors and Auditors shall, at least twenty one days preceding the meeting, be sent to the persons entitled to receive notices of general meetings in the manner in which notices are to be given as hereinafter provided.

128. **EXCHANGE TO INVEST IN GOVERNMENT SECURITIES**

The Exchange shall utilize its income for promoting its objects or any of them and any money set apart or not utilized shall not exceed twenty five percent (25%) of its income or rupees ten thousand (10,000), which ever is less. Any excess amount will be invested in Government securities or in NIT units under intimation to the Central Board of Revenue.

129. **AUDIT**

Auditors shall be appointed and their duties regulated in accordance with Sections 252 to 255 of the Ordinance. No person shall be appointed as an auditor of the Exchange unless he is a chartered accountant.

VIII NOTICES

130. **NOTICE TO MEMBERS, ETC.**

Notice shall be given by the Exchange to Members and auditors of the Exchange and other persons entitled to receive notice in accordance with Section 50 of the Ordinance.

IX WINDING UP

131. **DISSOLUTION**

In the event of the dissolution of the Exchange, its assets left after meeting its liability, if any, shall be transferred to another institution to which approval has been granted by the SEC and the information of such dissolution shall be provided to the SEC forthwith.

X INDEMNITY

132. **INDEMNIFICATION**

Every officer or agent for the time being of the Exchange may be indemnified out of the assets of the Exchange against any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Exchange except those brought by the Exchange against him, in which judgment is given in his favour or in which he is acquitted, or in connection with any application under Section 488 of the Ordinance in which relief is granted to him by the court.

XI AMENDMENTS

133. **AMENDMENTS**

No amendments shall be made in the Memorandum or Articles of Association or the Rules, Regulations and Bye-Laws of the Exchange without the prior approval of the SEC.

XII ARBITRATION

134. **ARBITRATION COMMITTEE**

The Board shall in its first meeting after completion in accordance with Article 64, or as soon, thereafter, as possible, appoint an Arbitration Committee comprising of either three (3) or five (5) of the past Presidents/Chairmen of the Exchange. Provided that the Board may appoint the first Arbitration Committee from the Members of the Exchange.

135. **ARBITRATION**

Whenever any difference arises between the Exchange on the one hand and any of the Members their executors or administrators on the other hand touching the true intent or construction, or the incident or consequences of these Articles or of the statutes, or touching anything there or thereafter done, executed omitted or suffered in pursuance of these Articles or of the statutes or touching any breach or alleged breach of these Articles, or any claim on account of any such breach or alleged breach, or otherwise relating to the premises, or to these Articles or to any statute affecting the Exchange or to any of the affairs of the Exchange, every such difference shall, as a condition precedent to any other action at law be referred, in conformity with the Arbitration Act, 1940, or any statutory modification thereof and any rules made thereunder, to the decision of the Arbitration Committee established as per Article 134, and such decision shall be final and binding on the parties.

We, the several persons whose names, addresses and descriptions are subscribed hereunder are desirous of being formed into a Company in pursuance of these Articles of Association.

S.No.	Name / Address	Signatures
1.	Amanullah Khan S/o Ch. Mohammad Saddique Khan 38 Nisar Road, Westridge 2, Rawalpindi Pakistani Business (Industry/Investment).	
2.	Tariq Iqbal Khan S/o Iqbal Ahmed Khan H.No. 70, St.8, G-10/3 Islamabad Pakistani Business (Professional Practice and Investment).	
3.	Khalid Waheed S/o Dr. Abdul Waheed 99-Faizabad, Murree Road, Rawalpindi Pakistani Business (Mfg. Industry/Investment).	
4.	Firozuddin A. Cassim S/o Akbar Ali Cassim D-42, Block-9, KDA Scheme No.5 Kehkashan, Karachi Pakistani Business (Investment & Port Folio Management Member Stock Exchange)	
5.	A. Lateef Ibrahim Jamal S/o Ibrahim Jamal 17/134 Faran CHS Karachi Pakistani Business (Mfg. & Investment, Member Stock Exchange).	
6.	Mian Habibullah S/o Mian Mohammad Omar 67-Westridge 2, Rawalpindi Pakistani Business (Textile Industry).	
7.	Mian Parvez Aslam S/o Mian Muhammad Aslam 60-A/1, Satellite Town, Rawalpindi Pakistani Business (Industry).	
8.	Mohammad Haji Yaqoob S/o Haji Yaqoob H.No.4, St. 71, F-8/3 Islamabad Pakistani	

Business (Hotelling Industry)

9. S. M. Hasan
S/o S. Riaz Hussain
30-A, Westridge 1,
Rawalpindi
Pakistani
Business (Carpet Trading).
10. Sh. Mohammad Shabbir
S/o Sh. Mohammad Siddiq
H.No. 10, St. 37, F-6/1,
Islamabad
Pakistani
Business (Industry).

Date 12th day of October, 1989
Witness to the above signatures
MAZHAR UL ISLAM LODHI
S/o Shamshad Muhammad Lodhi
C/o Tariq Ayub Anwar & Co.
Chartered Accountants
2nd Floor, Attaullah Market
Kashmir Road,
Rawalpindi
Pakistani Chartered Accountant

* Through an amendment, approved by the Board of Directors of Islamabad Stock Exchange, this amount has been enhanced to Rs. 750,000/-