



ISE

INVESTORS PROTECTION FUND REGULATIONS

OF

ISLAMABAD STOCK EXCHANGE (G) LTD

(As amended on November 25, 2009 and sent for Gazette Notification)

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PREAMBLE

WHEREAS the Management of Islamabad Stock Exchange considers that the investors' confidence in the fair dealings at the Exchange is the key to rapid development of the market;

AND WHEREAS to ensure effective risk management in secondary market trading and to protect investors' interest in the case of a default by a member of the Exchange there is need to have necessary regulations;

NOW, THEREFORE, The Islamabad Stock Exchange (Guarantee) Limited in exercise of the powers conferred by sub-section (1) of section 34 of the Securities and Exchange Ordinance, 1969 makes, with the prior approval of the Federal Government, the following regulations, namely: -

1. Short title and commencement

- i. These regulations may be called "The ISE Investors Protection Fund Regulations."
- ii. These regulations shall take effect upon their publication in the official Gazette of Pakistan.

2. Definitions

In these regulations, unless the subject or context otherwise requires: -

- a) "Board" means the Board of Directors of the Exchange;
- b) "Commission" means the Securities and Exchange Commission of Pakistan;
- c) "Exchange" means the Islamabad Stock Exchange (Guarantee) Limited;
- d) "Fund" means the ISE Investors Protection Fund;
- e) "Investors" means a person, not being Member, his agent or representative, who has purchased or sold any of the securities listed at the Exchange;
- f) "Member" means a Member of the Exchange.

3. Establishment of Fund

The fund shall be established by the Board with contributions as follows: -

- a) There shall be an initial contribution of rupees one million by the Exchange.
- b) Allocation of a percentage of Trading Fee (Laga) as may be determined by the Board from time to time paid by the members of the Exchange.
- (c) The Fund shall be made available in the situation of default as well as in case of expulsion of a member due to failure or refusal to abide by or carry out the award of arbitrator(s) or for non-settlement of investors' claims as directed by the Board.

4. **Eligibility of Claims**

All claims of investors arising out of transactions entered into as per Regulations of the Exchange and approved by the Board/Committee constituted by the Board would be eligible to be considered under these regulations.

5. **Procedure for Settlement of Claims**

In the event of default or expulsion of a Member, in case where the admitted claims of investors against a Member are more than the amount available for its satisfaction as per the relevant Regulations, all the claims will be paid on pro-rata basis. The claims still remaining unsatisfied after pro-rata sharing will then be paid from the Fund by utilizing up to aggregate amount of Rs. 2.5 million in the following order of priority:

- (a) Up to Rs. 100,000/- equally among all claimants by utilizing 50% of maximum allowable contribution i.e. Rs. 1.25 million.
- (b) Remaining amount by utilizing balance 50% of maximum allowable contribution i.e. Rs. 1.25 million plus any unutilized portion of Fund as stated at (a) above. In case, such amount of Fund is insufficient to satisfy all such claims in full, then pro-rata distribution will be made.

6. **Management of the Fund**

The Management of the Fund shall vest in the Trustees as provided in the ISE Investors' Protection Fund Trust Deed.