

TRADING REGULATIONS FOR ISE COMPUTERIZED TRADING SYSTEM (ISECTS)

Whereas the Islamabad Stock Exchange has decided to introduce computerized trading through ISE-Computerized Trading System.

And whereas it is necessary and expedient to frame regulations for operation, regulation and control of the computerized trading;

Now therefore the Board of Directors of the Islamabad Stock Exchange (Guarantee) Limited, with the prior approval of the Federal Government hereby make these regulations which shall come into force with effect from the date of publication in the Official Gazette.

1. SHORT TITLE AND EXTENT:-

- 1.1 These regulations shall be called “ISE Computerized Trading Regulations”.
- 1.2 These Regulations shall apply to the Members in respect of trading conducted through ISECTS.

2. DEFINITIONS IN THESE REGULATIONS:-

- 2.1 “**Exchange**” means Islamabad Stock Exchange (Guarantee) Limited.
- 2.2 “**Member**” means a member of the Exchange as defined in the Articles of Association of the Exchange.
- 2.3 “**Board of Directors**” means the Board of Directors of the Exchange as defined in the Articles of Association the Exchange.
- 2.4 “**ISECTS or ISE Computerized Trading System**” means the computerized system for automated trading introduced by the Exchange.
- 2.5 “**Hours of Operation**” means the time periods on each day that the Exchange is open for trading during which ISECTS is available to the Members for computerized trading in the Exchange.
- 2.6 “**Order**” means a valid sale/offer or purchase/bid order placed by a member through ISECTS.
- 2.7 “**Cancel Order**” means the order instructing the specified volume to be cancelled on a single order either bid or offer which is not executed and which already exists on the Computerized Trading Screen.
- 2.8 “**Cross Trade Entry**” [Explicit] means a single order where both buyer and seller originate from the same member. A single order is entered to record the cross trade.

- 2.9 **“Cross Trade Entry”** [Implicit] means two separate (buy and sell) orders entered from the same Member that then trade with each other.
- 2.10 **“Negotiated Deal”** means a deal which has been negotiated between two parties outside the regular market.
- 2.11 **“Badla”** means carry over transaction as defined in Carry-over Transaction Regulations 1996.
- 2.12 **"Exposure"** means "the amount of purchases and sales effected by a Member during a clearing period added together after allowing netting off of common scrips' sales and purchases."
- 2.13 **"Loss"** means "amount payable by the Member to the Clearing House due to difference in purchase and sale prices or difference between transaction price and market price in case of outstanding transactions of any one or more scrips at any moment of time during a clearing period.
- 2.14 **“Shut down”** means system being inoperative temporarily due to power failure, technical fault or any other reason.
- 2.15 **“Tick Size”** means the minimum price increment/decline at which trades can be made on the ISECTS.

3. HOURS OF OPERATION:-

The Floor Committee shall notify the hours of operation for automated trading through ISECTS from time to time.

4. AVAILABILITY:-

- 4.1 The Exchange will make available ISECTS to the Members by providing one trading terminal connection. The number of trading terminals for each Member may be increased by the Exchange with the prior approval of the Floor Committee.
- 4.2 In the event of a failure of any Member’s trading terminal, the Exchange will provide for substitute arrangements subject to availability.
- 4.3 The Exchange may shutdown computerized trading in the event that ISECTS is inoperative or in-accessible to more than 10% of the trading terminals.
- 4.4 In the event of shutdown of computerized trading in accordance with (4.3) above the Exchange will notify the time of resumption of computerized trading to the Members.

- 4.5 If the ISECTS cannot resume operation prior to closing time trading will not be resumed on that trading day. However, in case of shutdown of ISECTS, on the last day of the trading week, trading week may be extended or extra time may be given on the last day by the Exchange.
- 4.6 If the Exchange is satisfied that the trading through ISECTS cannot be resumed within reasonable time then the Floor Committee may revert the trading in the Exchange to the open outcry method for such time as it deems fit.

5. QUEUE PRIORITY:-

5.1 Orders that cannot be immediately executed shall be queued for future execution in a specific order of priority mainly based on the following order:-

- i) Price
- ii) Time of entry

Any other factors affecting the order of queue priority shall be determined and notified by the Exchange with the prior approval of the Floor Committee.

5.2 In case an Order is not executed in full the remaining part of such Order shall be queued as aforesaid.

5.3 The Queue Priority shall be determined by ISECTS through an interactive process and the order of priority displayed by ISECTS shall be conclusive except in the case of manifest error which shall be determined by the Floor Committee.

5(A) Tick Size:

The Tick Size will be 1 (one) paisa for all orders placed on ISECTS, unless otherwise specified in the relevant Regulations governing a specific market.

6. TIME IN FORCE RESTRICTION:-

6.1 All orders shall be valid only for the relevant trading day unless a time restriction is specified otherwise in which case such Order shall be automatically removed on the close of the day or after expiry of the specified time, as the case may be, if it remains unfilled till then.

6.2 Terms allowed for time in force restriction include;

- (i) Day
- (ii) Good Till Cancelled (GTC) (i.e. Open)
- (iii) Good to Date (Month-Day-Year) (GTD)
- (iv) Good for Week (GTW)

- (v) Good for Month (GTM)
- (vi) Fill or Kill (FOK)

6.3 In case of shut down, all unexecuted orders shall be removed from the ISECTS.

7. CROSS TRADE:-

7.1 A Cross Trade is allowed within the price range as stipulated in Clause (7.2) below.

7.2 The price range is relative to the current best Buy and current best Sell at the time the Cross Trade is entered. The allowable price range for a Cross Trade is “at” or “between” the market.

7.3 A Cross Trade is not allowed if:-

- i) Prior to trade execution, the market has fluctuated and the Cross Trade Order price is no longer within the allowed price range.
- ii) There is a one sided market or no market.

7.4 Cross Trade shall not be entered during the pre-opening period.

7.5 Cross Trade entered at or between the best markets shall not be subject to interference.

7.6 A limit price must be specified for a cross trade.

8. CANCEL ORDER:-

A Cancel Order can only cancel an outstanding order and cannot cancel a trade completed with the specified Order. It will not act as a Cancel Trade Request if that Order has already traded.

9. CANCEL ALL PENDING BIDS/OFFERS:-

A global cancellation of Order can be effected through commands by a Member at any time. This global cancellation will only affect the pending bids and offers.

10. SETTLEMENT:-

The Settlement of the trading through ISECTS shall take place through Clearing House as per existing rules and regulations of the Exchange as amended or substituted from time to time.

11. NEGOTIATED DEAL:-

- 11.1 Negotiated Deals shall not participate in the ISECTS but trade should be executed during Operation Hours of the Exchange and thereafter until a time set by the Exchange.
- 11.2 Price protection procedures shall not apply to Negotiated Deals.
- 11.3 Negotiated deal shall have no minimum requirements.
- 11.4 A Negotiated Deal will trade in its entirety [as if it were an All or Non (AON) transaction]. Partial fills and undisclosed volumes shall not be allowed.
- 11.5 Negotiated Deals shall be between two separate houses.
- 11.6 Negotiated Deals can be in an Odd lot.
- 11.7 All unconfirmed negotiated deals will be cancelled when ISECTS engine is dumped.

12. OPENING:-

- 12.1 Orders entered during the Pre-opening period are queued and not executed at the time of entry.
- 12.2 Variations in prices shall be governed by the Regulations of the Exchange for the time being enforced and as amended from time to time.

12.3 Orders not completely filled:

All orders entered during the pre-opening will have a time priority based on the actual time of entry. For orders not completely filled at the open, this time priority will be maintained thereafter during the trading day. All orders entered during the regular trading period are subject to the same procedures that govern their entry during the trading day.

12.4 Exposure and Trade Control:

If a bid/offer of a member exceeds his general, loss or single scrip exposure limits prescribed in this regard for the time being, his pending deals would be cancelled automatically. The system shall not entertain further orders unless the member concerned complies with the provisions of the Regulations Governing Members' Exposure.

13. CLOSING:-

The closing prices of the scrips listed at the ISE will solely depend on the trades in those scrips at the ISE. The companies listed at ISE that do not trade on a particular day will show their last trade as the closing price.

14. HALTS:-

14.1 Trading in any scrip can be halted by order of the Management.

14.2 A halt can be instituted for a scrip at any time during the trading day. Once halted, no further trading in the scrip will take place, unless the halt is removed.

14.3 All orders may be cancelled globally by the Exchange at the discretion of the Management.

14.4 Cancellation messages shall be forwarded to the traders terminals.

14.5 New orders will have priority assigned after Halt Open according to normal Open Specifications.

15. GENERAL:-

15.1 A Member shall be responsible for all Orders entered from his trading terminal.

15.2 The Floor Committee may issue any guidelines and clarifications from time to time for removal of any difficulties in the execution or operation of these regulations.

15.3 The terms and phrases used herein without a specific definition shall have the meaning as interpreted by the Floor Committee.

15.4 Any trade executed through ISECTS shall be conclusive.

15.5 Any dispute arising out of or in connection with the trade executed under these regulations shall, within two trading days of arising of such dispute be referred to Floor Committee. Any party dissatisfied with the decision of the aforesaid committee may, within five days of such decision, appeal to the Board of Directors.

15.6 Notwithstanding any thing contained in these regulations the Exchange may in its sole discretion cancel any Order (before or after settlement) with the prior approval of the Floor Committee.