



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

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

Preamble

Whereas in order to promote equity investment in the members of the Lahore Stock Exchange (Guarantee) Limited (LSE) are opening their Office(s)/Branch Office(s) within or outside the LSE 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 and 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 LSE Members’ Office(s)/Branch Office(s) for conducting the business and trading of shares and securities within and outside the Exchange.”

2. APPLICABILITY

The Regulations shall apply to all those Members of the Lahore 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 “Lahore Stock Exchange (Guarantee) Limited”;
- ii) “Member” means a “Member of Lahore 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 operations of ULTRA/LOTS Terminal within or outside LSE Building, shall also be treated as Office(s)/Branch office(s) for the purpose of 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 and Regulations of the Exchange and who is registered with 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 ULTRA/LOTS Terminals and telephones are provided to the Members and it shall be deemed to be 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 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 LOTS terminals operational at all the Office(s)/Branch Office(s).

xi) All the dealings at the office(s)/Branch Offices(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 and 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 name of persons duly authenticated any the member, who are authorized to deal with the customers;

xv) No person shall be employed at an Office or 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 departments 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 DEPUTED AS A MANAGER OF THE OFFICE/ BRANCH OFFICE

The person to be appointed as a Manager of the Office/Branch office shall fulfil 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 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 arrangement 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 the display of 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.”

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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 cannot 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 or 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 document 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) Stationary

The member shall ensure that all stationary i.e. conformation/contract/cash memo or any other document, will be issued only in his name. The member(s) will also be required to clearly state on the printed stationary 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 with 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 Office 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.

