



BROKER CLIENT RELATIONSHIP AND ARBITRATION **PROCEDURE IN CASE OF ANY DISPUTE** **ARBITRATION**

The Pakistan Stock Exchange Limited, being the frontline regulator, plays a proactive role in ensuring that investors' interest remains protected. Securing the interest of small investors is of prime importance to the Pakistan Stock Exchange Limited.

In order to keep a vigilant eye on investors' issues and to provide a platform to the general public for voicing their concerns, Default and Arbitration Wing within Regulatory Affairs Department of Pakistan Stock Exchange Limited has been set up.

The Default and Arbitration Wing is responsible for ensuring that grievances/ complaints of the general public concerning investment and trading of securities are heard and redressed, in a quick and efficient manner. This Wing is also responsible for proposing disciplinary actions against defaulting brokers.

An arbitration is a setting in which two parties submit their differences to an impartial third party to determine a solution or negotiation to a problem.

PSX provides mechanism to resolve their disputes under the supervision of the sole Arbitrator and sub-panel nominated by PSX.

TYPES OF DISPUTES COULD BE REFERRED TO ARBITRATION

- Unauthorized Trading (Sale/Purchase)
- Unauthorized Transfer / Movement of Shares
- Non-supply of Statements of Account
- Non-supply of Trade Confirmations within 24 hours
- Overcharged Commission
- Miscellaneous charges in ledger account
- Failure to Execute Investor's Instructions/orders
- Suspension of Payment
- Non-Delivery of Securities within brokers or clients

DISPUTES REFERRED TO ARBITRATION

Whenever any disputes arises between brokers or between any of the brokers and their clients, or between any of the broker and their authorized agents or between Authorized agents and their clients in connection with any trade or transaction. It will be referred to arbitration and will deal with according to procedures.

ARBITRATION PROCESS

1. Scrutiny of application
2. Acceptance and rejection of application
3. Referred the dispute to sole arbitrator or sub-panel according to claims Amount
4. Hearing notice to both parties
5. Equal opportunities to both parties to present before the sole arbitrator or sub-panel
6. Decision by Majority Arbitrators will be the final decision or “Award” and decision will be finalized within 90 days of the acceptance of the application

DECISION BY MAJORITY IN CASES REFERRED TO ARBITRATORS:

All claims/disputes referred to the Sub Panel shall be decided by majority and such decision shall be deemed to be the award (‘Award’) in the arbitration.

TIME PERIOD TO COMPLY WITH THE AWARD:

The parties to the dispute shall implement/comply with the Award within fifteen days of announcement by the Sole Arbitrator/ Sub Panel

APPEAL TO RAC:

A party to a dispute that is dissatisfied with any award of the Sole Arbitrator or the Sub Panels, as the case may be, may appeal to the RAC against such an Award within fifteen working days of receipt of the Award.

The decision of the Appellate Panel shall be announced within forty five days of the receipt of the appeal. However, in case the Appellate Panel is unable to announce the decision within the forty five days period due to unavoidable circumstances or reasons beyond control, the Appellate Panel will seek further time from the Chairman of the RAC.

The decision of the Appellate Panel shall be final and deemed binding on the parties to the dispute and upon their constituents.

The decision of the Appellate Panel shall be implemented /complied with by the parties in dispute within seven (07) days of its announcement.

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