

Introduction

The Automated Trading System (ATS) is designed to match buy and sell orders placed by the member firms of the CSE. Bid and Ask prices are entered into a central electronic order book. During trading hours, orders are matched according to fixed rules and execution prices are set. Price and volume details of all completed transactions are electronically communicated immediately to all the members involved.

The trading day at the CSE will be divided into following time periods:

1. Pre-open
2. Open-Auction
3. Regular trading
4. Close

During pre-open the system accepts orders unless otherwise stated in Rule 3 (page 9). Orders can be amended and cancelled during pre-open. However, no executions take place during this stage.

During open-auction, the system temporarily closes the order book and starts matching orders. It establishes the opening price and determines the orders to be executed according to the rules for the open-auction period (please refer Rule 4 – page 9).

During regular trading new orders are continually matched to existing orders in the order book according to Rule 5 (page 11). If an order cannot be executed it is stored in the order book.

Preference shares, non-voting shares, and warrants do not update the market indices.

The following rules are applicable to shares, warrants, units of closed-end funds/ETFs and any other security to be determined by the Board of Directors of the CSE (commonly referred to as security/securities in these rules) which are traded in the ATS.

Entering orders

Clients who have accounts with the Central Depository Systems (Pvt.) Ltd. (CDS) place their orders with the brokers, either directly or through a custodian bank. Orders are entered by the brokers through the ATS trading terminals, which are then transmitted on-line to the ATS.

The ATS trading terminals are located in the member firm's offices. The trading terminal performs three functions; display of market data, display of trader's orders and executions, and acceptance of new orders, amendments and cancellation of orders.

The ATS acknowledges the receipt of an order, marks it with a time stamp, and checks it for validity (please refer Page 8 – Order Validation). If it is technically valid, processing continues. If not, it is returned with the appropriate comment. No checks apart from those explicitly stated in these rules will be performed on order size or price.

The ATS maintains an order book for each traded security, divided into bids and asks. The prices are determined and orders executed according to specific rules detailed in the ATS Rules.

Division of Market

The market is divided into the normal lot, odd lot and block books. The block book is sub divided in to crossings and all or none blocks.

Trading Session

The securities market is open from Monday through Friday except on days declared as holidays by the Exchange.

Pre-open : 9.00 A.M. to 9.30 A.M.

Open-auction : 9.30 A.M.

Regular trading : 9.30 A.M. to 2.30 P.M.

Close : 2.30 P.M.

In the event of technical problem with the ATS the Exchange may change the above trading hours as necessary.

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1. Types of Transactions

There are two types of orders that can be placed in the ATS

1. Limit orders.
2. Market orders.

1.1 Limit Orders

This is an order in which the maximum buying price or minimum selling price is specified.

1.2 Market Orders

A market order is defined as an order to buy or sell a security at the best price or prices prevailing in the market at that point in time.

To prevent market orders being executed at extreme prices due to the presence of existing orders it is necessary to protect market orders by having a protection price. The “protection price” (see 1.2.2 Protection price page 6) is calculated by the system every time a market order is placed. The protection price is calculated on a fixed percentage of the ‘touchline’ price (see 1.2.1 Touchline page 5).

For market buy orders, protection would be applied to the touchline bid price, and for market sell orders protection would be applied to touchline ask price. After attaching the protection price to the market order, the order will be executed similar to any other limit order.

Price is given the highest priority in the system. Thus market orders will stand a better chance of execution than limit orders. The balance unexecuted quantity of the order, if any, will be stored in the system for “n” (60) configurable seconds and then cancelled if unexecuted. Market orders do not appear in the normal/odd lot order book.

1.2.1 Touchline

The touchline bid is the highest bid price and the touchline ask is the lowest ask price in the market available at that point in time. If bids or asks are unavailable for the day the touchline is defined as the previous closing price. For the first day of trading of an IPO the touchline is defined as the issue price. (See **Error! Reference source not found.** page 9).

Example

Table 1 represents the order book for security ABC.

Table 1

Bid	Price	Ask
	100.00	100
	97.00	100
	95.00	300
	90.00	200
400	88.00	
100+200	87.50	
300+100	87.00	

As per the above example, the touchline bid price is Rs.88 and the touchline ask price is Rs.90.

1.2.2 Protection price

The protection price is the touchline price plus or minus the allowed percentage variation. The percentage variation allowed on the touchline price is a configurable percentage applicable to all listed securities. It is set at the discretion of the CSE and will be made known to member firms. The protection price limits the possible price at which market orders can be executed.

For a sell market order the protection price is calculated in the following manner:

$$\text{Protection Price} = \text{Touchline Ask Price} - (\text{Protection \%} \times \text{Touchline Ask Price})$$

For a buy market order the protection price is calculated in the following manner:

$$\text{Protection Price} = \text{Touchline Bid Price} + (\text{Protection \%} \times \text{Touchline Bid Price})$$

Example

Broker X places a market order for buying 1000 securities of security type ABC. The touchline while placing the order is Rs 90 (ask) and Rs 88 (bid) - see Table 1 in Section 1.2.1.

Assume the protection % is 10%. In this case the protection price would be Rs 97 i.e. Rs 88 (being the touchline bid price) + [10% X 88 (touchline bid price)]

The order book is:

Table 2

Price Markers	Price	Asks	
		Orders	Broker
Protection 97 (bid)	100	100	Z
	97	100	Y
	95	300	B
Touch line 90 (ask)	90	200	A
Touch line 88 (bid)			
Protection 81 (ask)			

Broker X's market order would thus get executed as

1. 200@90 for A
2. 300@95 for B
3. 100@97 for Y

Since the order for sale from broker Z has a higher price than the protection price, it will not be matched. The balance unexecuted order quantity of 400 securities will remain for 60 seconds with touchline protection, if unexecuted by then it will be cancelled.

1.3 Order Attributes

Orders can have the following attributes.

1. Qualifiers
2. Time in force
3. Minimum fill quantity
4. Disclosed quantity

These attributes can be used by the brokers' to tune the execution strategy of an order to a limited degree.

1.3.1 Order Qualifiers

Order qualifiers modify the execution conditions of an order based on volume, time and price constraints.

1.3.1.1 No qualifiers

Orders will be executed at a specified price or better. If a partial execution occurs the remainder will be added to the order book and will remain in the order book till executed, cancelled, or expired.

1.3.1.2 Fill or Kill (FOK)

Requires the immediate purchase or sale of a specified quantity, at a given price or better. If the whole order cannot be filled immediately, it is killed. (These orders do not get entered into the order book). FOK orders cannot be entered into the system during pre-open.

1.3.1.3 Immediate or Cancel (IOC)

Requires immediate purchase or sale of a specified quantity at a specified price or better for all or part of the order. If no immediate execution occurs the order is cancelled. If an immediate partial execution occurs the remainder is immediately cancelled. IOC orders cannot be entered into the system during pre-open.

1.3.2 Time in Force (TIF)

Time in force choices limit the lifetime of an order in the book.

1.3.2.1 Good till cancel (GTC)

The order remains valid till cancelled or for 5 market days.

1.3.2.2 Good till day (GTD)

The order is cancelled at the end of the specified trading day if unexecuted (maximum 5 days).

1.3.2.3 Day order (DAY)

The order is cancelled at the end of the trading day.

1.3.3 Minimum fill quantity

The system does not allow a minimum fill quantity to be entered for normal lot orders. However a minimum fill quantity can be specified on odd lot orders. This will enable odd lot orders to be executed in blocks of minimum fill.

1.3.4 Disclosed quantity

The order size will be revealed as the disclosed quantity and not as the full order quantity. The disclosed quantity will cause the executions to occur in blocks of disclosed quantity. When a block of disclosed quantity is executed the balance order loses its time priority. Disclosed quantities must be greater than 25% of the order size.

When the total quantity for an incoming order is matched to an existing order in the order book, the incoming order's disclosed quantity is ignored as it will not be visible to the market at the time of execution. Orders with a specified disclosed quantity that appear in the order book, and hence have market visibility, will be executed in blocks of disclosed quantity in the manner specified above.

2. Trading Procedure

2.1 Order Validation

Input orders are validated for correctness prior to forwarding to the ATS. The following validation checks will be run on an order prior to forwarding it to the ATS:

- Valid trading lot size
- Valid security code
- Trading permitted on security (is it de-listed / suspended etc.)
- Price exceeding n% of the last close price will not be accepted.
- Price changes (Tick size) for a security shall be ten (10) cents.
- Valid client ID/broker ID combination.
- Volume is within foreign limit rules.
- Check with CDS that the seller holds the required number of securities.

An order that passes the validation checks is accepted by the ATS. Accepted orders will contain an Exchange allocated order ID, which is used for all future references to the order. If the order fails validation then it is rejected. Until an order has been accepted by the ATS it is not valid.

2.2 Trading Unit

The trading unit of each listed security is specified by the Exchange. The following lot sizes are configurable.

The order size for normal lot orders is 100 or multiples of 100, and is not dependent on the issue price of the security. Orders which are for less than 100 are executed on the odd lot board. An order for a mixed lot (for e.g 120 securities) has to be separately entered as normal and odd lot orders.

2.3 Order Execution

All trades that occur on the exchange are executed by the ATS.

When a member firm inputs an order through the ATS trading terminal, the order is forwarded to the ATS. Within the ATS the state of the order is tracked allowing the current status to be determined and the transaction history from the initial submission to be viewed. Orders will be queued in price and time order and are available for modification or cancellation prior to execution. Orders will be matched according to one of two methods; Open Auction or regular trading.

2.4 New Issues price discovery

Due to large price swings for a new issue, and in order to allow for large premiums on IPO's etc price discovery is completely based upon the market rather than issue price.

3. Pre-open

During pre-open, orders can be entered or deleted. However, no trades take place. Orders during this period are held in the ATS but are not forwarded to the execution engine.

The market status (i.e. Venue state) will be displayed as 'PRE-OPEN'.

For traders' information, the pre-opening order quantity imbalance is continually calculated and disseminated. Each new incoming order and each cancellation results in a recalculation. Price information is not displayed.

No market orders are allowed during pre-open. If submitted they will be rejected.

Orders cannot be placed on the odd lot board during pre-open.

Orders which are entered during pre-open with FOK or IOC qualifiers will not be accepted by the system

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4. Open Auction

The opening price is the price level at which the most number of shares/units of a security could be executed. In case of a tie between many prices the highest price will be taken as the opening price. All trades will be executed at the same price – the opening price.

At open-auction the system executes as many trades as possible at the calculated opening price. Bids and asks do not have to balance in quantity for a successful open-auction to occur. Orders at the opening price may remain partially filled or unexecuted due to an imbalance in the bids and asks.

If the security does not trade during open-auction the price of the first trade after auction will be its opening price.

Odd lot orders are not considered for execution during open-auction. During open-auction the Venue state will be displayed as 'AUCTION'.

4.1 Opening algorithm

- Step 1.** Establish maximum volume price.
- Step 2.** Match all possible orders using price and time priority at the opening.
- Step 3.** Match from the side of the market with the least orders against the side with the most filling all those above and below the price.
- Step 4.** Orders at the equilibrium price are satisfied on a pro rata basis as follows
 - a) pro-rating takes place in blocks of 100 units (Normal lot).
 - b) Above 100 units prorated in blocks of 100 units.
 - c) If demand cannot be met allocation is by time priority.
- Step 5.** All unmatched orders will be stored in the order book when the market opens. These orders will be stored in price/time priority order with orders of equal price given time priority

4.2 Open Auction Example

4.2.1 Order Book

In the ATS supply and demand is represented in the form of an order book. This is the compilation of all buy and sell orders on hand for a specific security at a certain point in time. In the middle of the table, all possible price increments are shown in descending order

Table 3

Buy orders Orders (A)	Bid		Price	Ask		Sell orders Orders (B)
	Per price	Cumulative From highest price		From lowest price	Cumulative Per price	
200+400	600	600	101.00			
300	300	900	100.50			
400	400	1300	100.00			
500	500	1800	99.50	3800	700	700
800+100	900	2700	99.00	3100	600	200+300+100
1000	1000	3700	98.50	2500	600	100+200+300
			98.00	1900	300	300
			97.50	1600	300	100+200
			97.00	1300	1300	100+500+700

The two columns directly beside the price column are decisive. Here all the orders from the least favorable prices onwards are accumulated for both sides. On the demand side the orders with the highest purchase limits through to the lowest are added

continuously. On the supply side, the accumulation starts with the lowest sell price to the highest price. In columns (A) and (B) orders are displayed in sequence of entry (from left to right) at each price level.

4.2.2 Open – Auction Example

A typical execution sequence for opening using the rules described in 4.1 Opening algorithm (page 10) for the example data given in Table 3 page 10 would be as follows:

1. The maximum volume price is 99.00 (2700 securities). {Step 1}
2. The Buy side has the least orders 2700 vs 3100 on the Sell side. {Step 3}
3. 2500 securities which have a better price on the Sell Side than the opening price can be executed leaving $2700-2500=200$ securities to be prorated at the opening price {Step 2}
4. The executions of orders at the opening price will be b100 for s200, and b100 for s300. {Step 4}
5. All unexecuted orders will be stored in the order book when the market goes into regular trading {Step 5}

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5. Regular trading

5.1 Method of Transaction

The criteria for execution during regular trading are as follows:

- 1) Price Priority
The highest bid and lowest offer have precedence over all others. Orders are ranked by price sequence in the execution engine
- 2) Time Priority
When bids or offers are at the same price, the earliest one takes priority over those delivered later.

Rules for fixing prices and matching orders during regular trading are listed below

Rule 1

If a new order (either a market or a limit order) matches a limit order in the order book, the price of the limit order initially in the order book limits the transaction price. The order book thus dictates the price.

Rule 2

- a) If a new limit order matches a market order in the order book, the price of the newly entered limit order becomes the execution price.
- b) If there is a limit order on the opposite side of the order book (in addition to the market order) and if this limit is more favourable for the new incoming limit order, the trade between the new limit order and the market order takes place at the favourable price (i.e. the price of the initial limit order).

An example: A newly arrived purchase order is at 99.50 is matched to an existing market order. Due to rule 2, the price is 99.50. If a sell order with a price limit of 99.00 were in the order book (in addition to the market order), this price would have been better from the purchaser's point of view than the price of 99.50 and would therefore be the transaction price between the newly arrived purchase order and the existing market order.

Rule 3

- a) If two market orders are matched, the last traded price becomes the transaction price.
- b) If there is a limit order on the opposite side of the order book (in addition to the market order) whose price is more favourable for the newly arrived market order than the reference price (last traded price) then the more favourable price is applied for the transaction between the two market orders.

An example of this: A market sell order arrives. A transaction is done with an existing market order on the purchase side. According to Rule 3(a), the last traded price becomes the transaction price. Let us assume this is 98.00. If besides the market order on the purchase side, a limited order of 98.50 were available, this price would be better than the reference price (Rs.98) from the seller's standpoint. The transaction between the two market orders would therefore be executed at 98.50.

Unexecuted or partially filled orders are placed in the order book.

During Regular Trading the Venue state will be displayed as "OPEN".

5.2 Regular Trading Example

An example of a multi-stage matching process based on a new incoming order is as follows:

Table 4

Security type ABC		
Round lot size 100, price increment Rs 0.25 reference price Rs 99.-		
Purchase Number per price	Price	Sale Number per price
500	98.00	
200	98.50	
	99.00	400
	99.50	200+300

A purchase order for 700 securities at 99.50 arrives. Matching starts with the order to sell 400 securities at 99.00. The price is determined by the sell limit order according to the first rule.

First trade: 400 securities at 99.00

300 securities remain from the new order. They are matched against the next order - sell 200 securities at 99.50. Since there are two orders at 99.50, they are ranked in order of entry. The order of 200 securities is older. Again the first rule is applicable.

Second trade: 200 securities at 99.50.

The remaining 100 securities are now matched to the sell order of 300 securities at 99.50. Again the first rule applies.

Third trade: 100 securities at 99.50.

The newly arrived purchase order (700 at 99.50) is then executed. The order book now looks as follows.

Table 5

Purchase Number per price	Price	Sale Number per price
500	98.00	
200	98.50	
	99.50	200
Reference price (i.e. last traded price): 99.50		

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6. Odd lot Transactions

Odd lots are listed in a separate order book in price and order of entry. They can only be entered as limit orders. For execution, odd lots are matched against each other using the same rules as for normal lots.

Orders that comprise of one or several normal lots and an additional odd lot must be entered as such by the broker as separate orders.

Minimum fill can be specified on an odd lot order.

Odd lot orders cannot be entered during pre-open.

Odd lot orders are not considered for execution during open-auction.

6.1 Trading unit

The order size for odd lot orders is less than that of the normal lot order size. In the case of equity an odd lot order is an order placed for less than 100 shares.

6.2 Visibility

The odd lot book will be visible to the whole market.

6.3 Statistics

Odd lot executions will not update the indices or the last traded price.

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7. Block Transactions

To facilitate the processing of large blocks of securities without causing a substantial effect on price, the Exchange provides special procedures for block transactions. There are two types of block transactions:

1. Crossings.
2. All or none blocks.

Block trades as they are already negotiated trades must be entered with the contra broker IDs. Until both sides of the order with corresponding contra brokers have been entered the block trade is deemed not to have been activated.

7.1 Crossings

A crossing will be entered by both parties specifying the security, client, contra broker ID and price. The crossing is deemed to be entered when both parties have completed the entry. If the seller does not have an adequate CDS balance the crossing will be purged from the book and will have to be reentered. The crossing will be rejected if there is a mismatch in quantity of the two entered orders.

7.1.1 Price determination mechanism

The crossings will execute at the entered price.

7.1.2 Amendments

Crossing cannot be amended but can be cancelled by the Brokers

7.1.3 Order life time

Unmatched crossings are expired in “n” (15) configurable minutes.

7.1.4 Price constraints

A crossing shall not take place at a price below 5% of the closing price as defined in Rule 9.1. No price cap will be enforced.

7.1.5 Trading unit

To be crossed the parcel must be;

- a) More than 5% of the issued quantity of the specific security OR
- b) Greater than Rs. 20,000,000/-

7.1.6 Visibility

Orders placed on the crossing board will not be visible in the normal market data displays and hence will not put price pressure on other trading. The trade will be displayed as an execution.

7.1.7 Statistics

Crossings will not update the indices and closing price .

7.1.8 Clearing the Order Book

Crossings are not required to clear the order book.

7.2 All or None Blocks

The first AON block bid/offer sets the block size for the auction and must be entered with contra broker ID's. All subsequent bids and offers will be for this fixed parcel size and do not require contra broker ID's. Only the best bid and offer for the AON block is retained.

No AON blocks of other parcel sizes for the same security will be accepted till the auction is concluded for that security.

This transaction follows an exchange announcement of the securities being auctioned and operates for a fixed period of time. At the end of the time period the best two orders are matched using the procedure described below. AON orders cannot be cancelled or changed. If an order that is worse than a current order is put in then it will be rejected.

7.2.1 Price determination mechanism

The price determination for AON block trades is as follows:

1. If the buy side is constant and the sell side is bettered then the best sell side price is the trade price.
2. If the sell side is constant and the buy side is bettered then the best buy price is the trade price.
3. If both sides are as entered the initial price is the execution price provided that the initial bid was entered on behalf of a buyer. In the event the broker enters the initial bid in order to establish a minimum bid price, as provided for in rule 7.2.2(1) and there is no further bidding the AON transaction will not be executed by the CSE.
4. If a bid is reversed the active side's price is the execution price

7.2.2 Bidding Constraints

The bidding constraints will limit the way an all or none parcel can be bettered. In all the cases below the parcel size is constant.

1. For initial entry both Sell and Buy orders must be entered with the same quantity and price with appropriate contra broker's ID. In the event a seller wishes to establish a minimum bid price, the selling broker shall enter the bid using the 'Broker AON Account'.
2. The price must be better for subsequent orders and the contra broker ID is not required.
3. Once a side has been bettered then only that side can be bettered, unless the parcel is reversed by the CSE.
4. A client cannot better his own bid/offer already on the board.

7.2.3 Bidding procedure

1. The bidding process starts after the initial bid and offer have been entered on the board.
2. A Member Firm interested in the parcel shall express their interest by making a bid by 12.00 noon on the day on which the transaction will be concluded. The date of conclusion of such transaction shall be as determined as per rule 7.2.5.
3. The AON parcel will be concluded at the close of trading on the day determined by the seller as per rule 7.2.5. In the event of there being wide spread interest in bidding the CSE may at its sole discretion extend the close of trading by an additional 30 minutes.

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7.2.4 Amendments

AON Parcels cannot be amended or cancelled by the Brokers

7.2.5 Order life time

The seller shall determine the date of conclusion of the AON parcel. The maximum number of days permitted is 3 market days including the day the parcel was introduced. The selling broker shall inform the Exchange in writing of the date of conclusion of the trade, and the Exchange in turn shall inform this date to the other Member Firms.

7.2.6 Price constraints

AON parcels do not have price range constraints and are completely decoupled from all other books.

7.2.7 Trading unit

The value of an All or None order shall be greater than Rs. 10 m.

7.2.8 Visibility

The AON order book which contains only the best bid and offer is visible to all the brokers. The execution will be reported.

7.2.9 Statistics

AON trades will update only the turnover and the number of securities traded.

7.2.10 Transfer of Securities to a locked account

- (a) Upon execution of the AON transaction the Securities transferred to the Buyer's account shall be transferred back to the sellers locked account on instructions given by the CSE to the CDS.
- (b) On receipt of written confirmation from the selling broker of settlement of payment to the seller the CDS shall transfer such securities to the buyer's account, as specified in the CDS rules.
- (c) In the event of a failed trade due to settlement failure the CDS shall transfer securities in the sellers locked account to the sellers account, as specified in the CDS rules.

8. Amendment/Cancellation of orders

Once an order is submitted to the exchange, it can if required either be cancelled or amended by the broker if conditions permit.

8.1 Cancellation of Orders

Orders can be cancelled by their respective brokers at any point prior to execution. If partially executed any un-executed portion of an order can be cancelled. Orders for all or none block trades are irrevocable (i.e. once an order has been placed it cannot be cancelled or changed except with special permission from the CSE). The crossing board allows cancellations only.

8.2 Amend Order

The following fields for an order can be changed prior to execution, or for any un-executed portion of an order. An order amendment will cause an order to lose or gain priority.

- Price
- Volume

8.3 Trade Cancellation

Executed trades can be cancelled with the consent of the CSE and mutual agreement of both brokers within the settlement period.

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9. Market Close

As the market is in the process of being closed the Venue state will be displayed as 'CLOSING'.

When the market is closed the Venue state will display 'CLOSE'

9.1 Closing Price

Closing price will be defined as the Volume Weighted Average Price (VWAP) of trades executed during the last one hour of trading of the specific security (please refer Example 1). If the security does not trade for one hour the closing price will be the VWAP calculated for the period of time it has traded (please refer Example 2). After close of trading, no activity can occur until the pre-opening begins on the next business day. The option of having a closing auction is available but will not be enabled.

$$\text{VWAP} = \frac{\text{total value traded in period}}{\text{total volume traded in period}}$$

Example 1.

SECURITY X - TRADE RECORDS FOR DD/MM/YYYY

Time	Price	Volume	Value
10.55	120	900	108,000
11.05	100	10,000	1,000,000
11.15	110	500	55,000
11.23	101.50	300	30,450
11.25	110	200	22,000
11.53	103.75	1,000	103,750
12.01	110	100	11,000

In the above example the first trade for security X for the day took place at 10.55 a.m. The last trade for the day was executed at 12.01 p.m.

The VWAP for security X for day DD/MM/YYYY:

$$\text{VWAP} = \frac{\text{TOTAL VALUE TRADED FROM 11.01 A.M. TO 12.01 P.M.}}{\text{TOTAL VOLUME TRADED FROM 11.01 A.M. TO 12.01 P.M.}} = \frac{1,222,200}{12,100} = \text{RS.101.00}$$

Example 2

SECURITY Y - TRADE RECORDS FOR DD/MM/YYYY

Time	Price	Volume	Value
09.34	20	900	18,000
09.55	25	1,000	25,000
10.15	20	500	10,000

In the above example, Security Y has traded for less than one hour.

The first trade for security Y for the day took place at 9.34 a.m.

The last trade in security Y took place at 10.15 a.m.

$$\text{VWAP} = \frac{\text{TOTAL VALUE TRADED FROM 9.34 A.M. TO 10.15 A.M.}}{\text{TOTAL VOLUME TRADED FROM 9.34 A.M. TO 10.15 A.M.}} = \frac{53,000}{2,400} = \text{Rs. 22.00}$$

10. Dissemination of Market Information

The exchange system provides the means for market participants and investors to gain access to market information on a real time basis.

11. Trading Halts

11.1 Market Halts

The market can be halted at the discretion of the CSE during pre-open and regular trading hours.

During a market halt the Venue status will be displayed as "HALT".

The CSE can subsequently lift the halt on the market and the market will return to its Venue state prior to imposing the halt.

11.2 Security Halts

The Exchange may impose a trading halt on a security in the following instances:

- 1) prior to the announcement of any price sensitive information.
- 2) to obtain a clarification from the company on a rumour/report regarding the company which has been brought to the attention of the CSE.
- 3) when there is unusual movement in price/volume of a security.

Trading in the security will resume as soon as the announcement/clarification from the company is disseminated to the market.

A trading halt may be imposed for a time period during a market day or the halt may extend beyond one day until the company issues a statement to the Exchange for dissemination.

The CSE has set a circuit breaker for individual securities (known as trip percentages). When the price of a security exceeds the trip percentage, trading in the security is automatically halted.

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12. Depository updates

The Central Depository Systems (Pvt.) Ltd. (CDS) will be updated on line, as executions occur. The Depository will be queried for client position when a sell order is submitted. If the client has sufficient securities, the client's shadow balance will be deducted with the corresponding amount of securities preventing the client from placing more securities than the client owns on the market. Thus, a client's shadow balance displays the number of securities of a specified security for which the client has pending sell orders. On execution the balance and shadow balance will be updated to reflect the results of the execution.

12.1 Holding Query

Member firms have the facility of querying their client's holding for a specified security from their trading terminals. However, custodian account positions are not visible to brokers.

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13.MISCELLANEOUS

13.1 The CSE will not hold itself liable for any loss incurred to a person due to a technical failure of the Automated Trading System (ATS) or due to a bona fide oversight in the operation of the ATS by its servants and/or agents, except to the extent as set out by the Unfair Contract Terms Act No. 26 of 1997.

13.2 In the event of the occurrence of a contingency in connection with a transaction not provided by these rules, the CSE in consultation with the SEC, shall have the right to determine such matter which determination shall be final and binding on all parties.

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