



ACCOUNT OPENING FORM

Client Name	_____
Trading Account Number	_____
UIN	_____
CDC Sub-Account Number	_____
CDC Investor Account	_____

FIRST NATIONAL EQUITIES LIMITED

TREC Holder: Pakistan Stock Exchange Limited

SECP Broker Registration Code: **BRK-176**

PSX Registration Number: **175**

Corporate Office:

FNE House, 179-B, Abu Bakar Block,
New Garden Town, Lahore
iPhone: (042) 35843721-727
E-mail: info@fnetrade.com
web: www.fnetrade.com

Registered office:

Room No. 1007, 10th Floor, New
Stock Exchange Building, Karachi
Phone: (021) 32472119, 32472014
E-mail: info@fnetrade.com
web: www.fnetrade.com



Check List for Applicants

Please attach following documents with your application.

Sr.	Particulars	Single	Joint A/c	Corporate
1	Attached copy(ies) of your CNIC (s)			N.A.
2	Attached copy of your Nominee's CNIC			N.A.
3	Zakat declaration form duly attested			N.A.
4	Attested copy (ies) of Passport (s) (NR – Only)			N.A.
5	Letter of Authorization			N.A.
6	Business /Job Proof (Visiting card or any other proof)			N.A.
7	Source of Income (Wealth Statement for filer & six months bank statements for non-filer)			N.A.
1	Attested copy of Incorporation Certificated	N.A.	N.A.	
2	Copy of Resolution of Board of Directors	N.A.	N.A.	
3	Copy of Form "A"	N.A.	N.A.	
4	Copy of Form "29"	N.A.	N.A.	
5	Copy of Memorandum & Articles of Association	N.A.	N.A.	
6	Attested copy of CNIC of Authorized person	N.A.	N.A.	

For Office Use Only

Particulars	Status Date		
Client Id / Trading Account			
UIN			
Name / Title of Account			
CNIC			
CNIC Expiry			
Father / Husband's Name			
Type of Account	Single	Joint	Corporate
CDC Sub Account			
CDC Investor Account			
Authorized Person			
Introduced by			
Date A/c Opened			



FIRST NATIONAL EQUITIES LIMITED

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Broker, Pakistan Stock Exchange

Room No,1007,10th Floor, New Stock Exchange Building, Karachi

Ph: +92 21 32472119,32472014

web: www.fnetrade.com

E-mail: info@fnetrade.com

Broker Registration No. P-175

ACCOUNT OPENING FORM

NOTE 1: EACH AND EVERY COLUMN MUST BE FILLED IN

NOTE 2: EACH PAGE OF THIS FORM WILL BE DULY SIGNED BY THE ACCOUNT HOLDER(S) AND THE BROKER

NATURE OF ACCOUNT:			
SINGLE: <input type="checkbox"/>	JOINT: <input type="checkbox"/>	CLIENT ID / ACCOUNT NO.	
COMPANY: <input type="checkbox"/>	FIRM: <input type="checkbox"/>	CDC ACCOUNT NO.	

ACCOUNT HOLDER

JOINT ACCOUNT HOLDER

ACCOUNT TITLE/ NAME: _____ MAILING ADDRESS: _____ _____ TEL & WHATSAPP: _____ E-MAIL: _____ FAX NO: _____ PERMANENT/REGISTERED ADDRESS: _____ _____ For individuals only: DATE OF BIRTH: _____ NATIONALITY: _____ STATUS: _____ RESIDENT _____ NON-RESIDENT GENDER: _____ MALE _____ FEMALE FATHER'S/HUSBAND'S NAME: _____ NATIONAL IDENTITY CARD NO. (IN CASE OF NON RESIDENT PASSPORT NO.): _____ OCCUPATION: _____ For Companies or Firms only: Company Registration No. _____ STATUS: _____ RESIDENT _____ NON-RESIDENT	ACCOUNT TITLE/NAME: _____ MAILING ADDRESS: _____ _____ TEL & WHATSAPP: _____ E-MAIL: _____ FAX NO: _____ PERMANENT ADDRESS: _____ _____ DATE OF BIRTH: _____ NATIONALITY: _____ STATUS: _____ RESIDENT _____ NON-RESIDENT GENDER: _____ MALE _____ FEMALE FATHER'S/HUSBAND'S NAME: _____ NATIONAL IDENTITY CARD NO. (IN CASE OF NON RESIDENT PASSPORT NO.): _____ OCCUPATION: _____
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Declaration of Solvency

The Account Holder hereby declares that:

- It has not applied to be adjudicated as an insolvent and that it has not suspended payment and that we have not compounded with our creditors;
- It is not un-discharged insolvent; and
- It has not been declared defaulter in repayment of loan of a bank/financial institutions.

Account Holder

Joint Account Holder

Broker

**Name of Authorized Persons to operate the account**

The account shall be operated by the following:

<u>Names</u>	<u>Specimen Signature</u>	<u>Singly/Jointly</u>
(a) _____	_____	_____
(b) _____	_____	_____
(c) _____	_____	_____

The authority of the person(s) authorized to operate the account will be clearly spelled out in the letter of authorization from the Account Holder.

MARGIN DEPOSIT

The Account Holder(s) hereby undertakes to deposit and maintain ____ % margin against his/her/their outstanding trades/exposure for the purpose of trading in his/her/their account. The broker shall notify the Account Holder(s) about any change in the above margin requirements for the already executed trades at least 3 days prior to the implementation of the revised margin requirements.

CLIENT BANK DETAILS (OPTIONAL):**ACCOUNT(S) WITH OTHER BROKER(S) (OPTIONAL)**

NAME OF THE BANK: _____

SAVINGS/CURRENT A/C NO.: _____

BRANCH ADDRESS :: _____

<u>NAME OF THE BROKER(S)</u>	<u>BROKER EXCHANGE</u>	<u>CLIENT ID/ACCOUNT</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

NOMINATION:

(Optional but if desired, nomination should only be made in case of sole individual and not joint account.)

(In the event of death of the Account Holder, the nominee shall be entitled to receive securities/cash available in the account of the account holder after set-off against losses/liabilities in the account.)

Name of Nominee _____ Surname: _____

NIC Number: _____

Date of Birth _____ (DD/MM/YYYY)

Postal Address: _____

Tel: _____ E-mail: _____

SPECIAL TERMS AND CONDITIONS

The terms and conditions set herein below shall be equally binding on the Broker and the Account Holder(s).

- All transactions between the parties shall be subject to the Articles, Rules and Regulations of the Exchange, revised policies, Board Directions and new regulations to be framed in pursuance of Section 34 of the Securities & Exchange Ordinance, 1969. Moreover, all applicable provisions of the Securities & Exchange Ordinance, 1969 read with the Securities & Exchange Commission of Pakistan Act, 1997, Brokers and Agents Registration Rules, 2001, Securities and Exchange Rules 1971 and all directions/directives passed from time to time to regulate the trades between the parties and to regulate Brokers conduct and the Central Depository Companies of Pakistan Act, 1997, Rules framed there under and the National Clearing and Settlement System Regulations and any other law for the time being in force. The Broker shall ensure provisions of copies of all the above Laws, Rules and Regulations at his office for access to the Account Holder(s) during working hours.
- (a). In case any dispute in connection with the trade or transaction between the Broker and the Account Holder is not settled amicably, either party may refer the same to arbitration in accordance with the provisions of PSX Regulations, which shall be binding on both the parties. The Account Holder hereby agrees that he would have no objection if his name and other relevant particulars are placed on Exchange's database accessible by Brokers of the Exchange if he fails or refuses to abide by or carryout any arbitration award passed against him in his dispute with the Broker.
- The amount deposited as security margin by the Account Holder(s) with the Broker shall only be used for the purposes of dealing in securities, such as trading and/or settlement of deliveries of securities on behalf of the Account Holder(s). The Broker shall not use such amounts for his own use.
- (a). The credit amount of the Account Holder(s) shall be kept by the Broker in a separate bank account titled "Account Holder/Client Account" and shall not be used by the broker for his own business.

Account Holder_____
Joint Account Holder_____
Broker



3. The Broker shall be authorized to act on the verbal instructions of the Account Holder(s). The Broker shall provide a written confirmation of the executed transactions as required under rule 4(4) of the Securities & Exchange Rules, 1971, and all such transactions recorded by the Broker in his books shall be conclusive and binding upon the Account Holder(s), which shall not be questioned by him/her/them, subject to clause 5 below.

Or

The Account Holder(s) shall give written instructions for the sale/purchase of securities to the Broker. The Account Holder(s) shall not give any verbal/oral instructions. The Broker shall provide a written confirmation of the executed transactions as required under rule 4(4) of the Securities & Exchange Rules, 1971, and all such transactions recorded by the Broker in his books shall be conclusive and binding upon the Account Holder(s), which shall not be questioned by him/her/them, subject to clause 5 below.

4. The Broker shall provide the confirmation of the executed transactions to the (Name of Account Holder) at the above stated address by means of acceptable mode of communication or by hand subject to acknowledgement receipt.
5. In case there are any error(s) in the daily confirmation statement, the Account Holder(s) shall report the same to the Broker within one-business day of the receipt of confirmation. In case the Account Holder(s) do not respond within one business day of the receipt of the said daily confirmation statement, the confirmation statement shall be deemed conclusively accepted by the Account Holder(s).
6. In the event that the Account Holder(s) fail(s) to deposit additional cash or securities as margin within one business day of the margin call (in writing), the Broker shall have absolute discretion to and, without further notice to Account Holder(s), liquidate the Account Holder(s) outstanding positions, including the securities purchased and carried in such account, so that the margin is maintained at the required level.
- 7 (a) The Broker shall be responsible to ensure delivery of CDC eligible securities in the CDC account of the Account Holder(s) subject to full payment by the Account Holder(s). In case of companies which are not on the CDS, the Broker shall ensure delivery of physical shares along with verified transfer deeds against payments, to the Account Holder(s). Further, the Broker shall be responsible for the payment of any credit cash balance available in the account of the Account Holder preferably in form of A/c Payee cross cheque only within 1 business day of the request of the Account Holder(s) (subject to the maintenance of the margin requirements).
- (b) In the event of non-receipt of payment from the Account Holder on settlement day against securities bought on account of the Account Holder, the Broker may transfer such securities to his Collateral Account under intimation to the Exchange, after complying with the requirements as mentioned in relevant clause of this chapter.
8. The Broker shall accept from the Account Holder(s) payments through "A/c Payee Only" crossed cheque, bank drafts, pay orders or other crossed banking instruments in case of amounts in excess of Rs. 25,000/-. Electronic transfer of funds to the Broker through banks would be regarded as good as cheque. The Broker shall be responsible to provide the receipt to the Account Holder(s) in the name of the Account Holder(s) duly signed by authorized agents/employee of the Broker and the Account Holder(s) shall be responsible to obtain the receipt thereof. In case of cash dealings, proper receipt will be taken and given to the Account Holder(s), specifically mentioning if payment is for margin or the purchase of securities. The broker shall immediately deposit in its bank account all cash received in whole i.e. no payments shall be made from the cash received from clients. However, in exceptional circumstances, where it becomes necessary for Broker to accept cash in excess of Rs.25,000/-, the Broker shall immediately report within one business day such instances with rationale thereof to the Exchange in accordance with the mechanism prescribed by the Exchange.
9. The Brokers shall make all the payments of Rs.25,000/- and above, through crossed cheques / bank drafts / pay orders or any other crossed banking instruments showing payment of amount from their business bank account. Copies of these payment instruments including cheques, pay orders, demand drafts and online instructions shall be kept in record for a minimum period of five years.
10. The Account Holder(s) shall have a right to obtain a copy of his/her or their ledger statement under official seal and signature of the Broker or his authorized representative on a periodic basis. In case of any discrepancy in the ledger statement, the Account Holder(s) shall inform the Broker within 1 day of receipt of the ledger statement to remove such discrepancy.
11. The Account Holder(s) shall operate the account and execute transactions himself/herself/themselves unless the Account Holder(s) authorize Mr. /Ms. / _____ I. D. No. _____ to transact in the account. All transactions executed by the authorized person shall be binding upon the Account Holder(s).
12. **For Joint Account Holder(s) only:**

We, the Account Holders shall operate the account jointly or severally and the instructions issued either jointly or severally shall be binding on us as well as upon the Broker in respect of the joint titled account.

Or

Our titled account shall be operated only by _____ who shall be deemed as the authorized person for operating the joint account or issuing any instructions relating thereto.

13. The Broker shall be responsible to append a list of his authorized agents/traders and designated employees, who can deal with the Account Holder(s), with this account opening form and a copy of both the opening form and the list will be provided to the Account Holder(s). Any change therein shall be intimated in writing to the Account Holder(s) with immediate effect.
14. The Broker shall debit the account of the Account Holder(s) for the commission charges or any other charges in connection with the brokerage services rendered, which shall be clearly detailed in the ledger statement/daily confirmations.

Account Holder

Joint Account Holder

Broker



FIRST NATIONAL EQUITIES LIMITED

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15. The Broker shall not disclose the information of the transactions of the Account Holders to any third party and shall maintain the confidentiality of this information. However, in case the Exchange or the Commission, as the case may be, requires any such information, the Broker shall be obliged to disclose the same for which the Account Holder(s) shall not raise any objection whatsoever.
16. In case a Broker converts his individual brokership rights to corporate brokership and vice versa the agreement and conditions laid down herein above shall remain effective unless otherwise agreed by the parties.
17. Acceptable mode of communication between the Account Holder(s) and the Broker shall be through letter (courier/registered post/fax/E-mail) or by hand subject to receipt/acknowledgment. The onus of proving that the e-mail has been received by the recipient shall be on the sender sending the e-mail. Confirmation of orders to clients made through fax or e-mail will have a time record.
18. All orders received telephonically and placed on Trading System shall be supported by recording on dedicated telephonic lines, preferably connected with a computerized taping system so as the orders could possibly be sorted on UIN basis and made user friendly.
19. In case of change of address or contact numbers of either party, the concerned party shall immediately notify the other party of the changes in writing.

20. I/We, the Account Holder(s) acknowledge receipt of this account opening form (signed here by me/us in duplicate) along with the copies of all the annexures and I/we, the Account Holder(s) also undertake that I/we have understood all the above terms and conditions of this agreement which are acceptable to me/us.
21. I/We, the Account Holder(s) understand that the shares trading business carries risk and subject to the due diligence on part of the broker. I/We may incur losses for which I/we, the Account Holder(s) shall not hold the Broker responsible.
22. I/We, the Account Holder(s) further confirm that all information given in this application is true and complete and hereby authorize the Broker to verify any information mentioned above.

Signature of Broker

Signature of Account Holder

Signature of Joint Account Holder

WITNESSES:

1. _____ (I. D. Card No. .) _____

2. _____ (I. D. Card No. .) _____

3. Opened by: _____ Checked by: _____

Date: _____

Enclosures (for individuals):

1. Attested copies of National Identity Card of the applicant.
2. Attested copies of National Identity Card of the Joint Holders and or Nominee(s) (if applicable)
3. Attested copies of passports of the applicant, Joint Holders and or Nominee(s) (in case of non-residents)
4. Copy of the letter of authorization from the Account Holder(s) of the person authorized to trade in my/our accounts (if other than the account holder).
5. A list of Transaction fee, Commission to be charged by the Broker and other CDC charges to be levied.

Enclosures (for corporate entities):

1. Certified true copy of Board Resolution (specimen provided as per Annexure-A below).
2. Certified true copies of Memorandum & Articles of Association.
3. List of authorized signatories.
4. List of nominated persons allowed placing orders.

Account Holder

Joint Account Holder

Broker



IMPORTANT

Please read and understand the Terms and Condition before signing and executing this form

TERMS AND CONDITIONS FOR ONLINE TRADING

These terms and conditions are in addition to the other terms and conditions of this Account Opening Form and or applicable only in case of Online Trading: _____

- a) Online trading will be permitted through an online trading system of the Broker, which will act for the purpose of buying and selling securities including Leverage Product at the Stock Exchange (Online Exchange).
- b) A password or (personal identification number) PIN will be issued to the Account Holder(s) by the Broker to enable the Account Holder(s) to have an access to and use this Account for online trading. The Password / PIN may be communicated through email or through may courier to the Account Holder(s) at his/her/their/its own risk. The Account Holder(s) shall not disclose the Password / PIN by to any person and shall take every reasonable precaution to prevent discovery of the Password / PIN by any other person. The Account Holder(s) shall immediately change the password / PIN as soon as it is received from the Broker.
- c) Broker may electronically transfer delivery of confirmation, statements and other notices in connection with Electronic/Online Trading. It shall be the responsibility of the Account Holder(s) to review, upon receipt of E-mails, confirmation statement, notice, margin and maintenance calls whether delivered by mail, e-mail or electronic terminal at the discretion of the Broker. If the Password / PIN is disclosed to any third party the Account Holder(s) should immediately notify the same to Broker. The Account Holder(s) will immediately notify of any loss, theft or unauthorized use of his/her/their/its account number and Password / PIN. The Account Holder(s) shall immediately notify and change his/her/their/its email or other address as mentioned in the Account Opening Form.
- d) All risks connected and involved with Electronic/Online Trading will be assumed fully by the Account Holder(s). Neither the Broker nor any of its directors or officers would be responsible or liable in any manner for any losses or damages that may be suffered by the Account Holder(s) including those due the the misuse of the Account Holder(s) Password or PIN, hacking of lines outages and slow down in the internet connection and piracy of Account Holder(s) information and affairs by unscrupulous persons.
- e) The Broker may at any time and from time to time require additional margin in the Account (in cash or Securities) before executing any Orders or undertaking any Transaction through Online Trading Facility on account of the Account Holder(s). The amount and timing may vary depending on factors solely at Broker's discretion Broker shall have the right to liquidate the Account Holder(s) Trading position(s) if the Account margin is insufficient at any time.
- f) The Broker may at its discretion elect with or without notice to square off the Account Holder(s) account and make obligations in the account immediately due and payable be the Account Holder(s) without assigning any reason.
- g) All other term and conditions including Special Terms and Conditions and CDC Terms and Conditions of this Account Opening Form shall be equally applicable to Online Trading Account(s).

Account Holder

Joint Account Holder

Broker



Board Resolution

"RESOLVED that an application be made on behalf of _____ (name of entity) to _____ ("broker") for opening an Account and for the afore-said purpose the Account Opening Form including Terms and Conditions as set out herein be executed on behalf of _____ (name of entity).

FURTHER RESOLVED that Mr. /Ms. _____ and Mr. /Ms. _____ be and are hereby authorized and empowered, either singly/jointly for and on behalf of _____ (name of entity) to sign and execute and deliver this Account Opening Form and Terms & Conditions and other documents in connection therewith, and to do any other act, deed or thing for and on behalf of _____ (name of entity) in respect of company's application for opening an Account.

FURTHER RESOLVED that Mr./Ms. _____ and Mr./Ms. _____ be and are hereby authorized and empowered, either singly/jointly to represent to the broker on all matters pertaining to the maintenance and operation of the Account, to deal, liase and correspond with broker and give instructions to fulfill all the responsibilities and obligations to broker under the Law, Rules and Regulations and the Terms & Conditions in relation to the Account from time to time, and to deal with other incidental and ancillary acts, things and deeds".

Signatures of the Directors

1. _____

2. _____

3. _____

4. _____

5. _____

Date of Resolution: _____



LETTER OF AUTHORIZATION

(STAMP PAPER)

To,
First National Equities Limited
Room No. 1007, 10th Floor, New Stock
Exchange Building, Karachi
Phone: (021) 32472119, 32472014, 32472758

Annexure-B

Re: **Authorization for trading in Securities and operation of Account with First National Equities Limited**

With reference to my/our equities trading Account No. _____
opened with you and pursuant to clause 10 of the Special Terms and Conditions contained in your Account
Opening Form, I/we hereby jointly/severally authorize (1) Mr. /Ms. / Mrs. _____
Son/daughter/wife of Mr. _____
Holding CNIC No. _____ and (1) Mr./Ms./Mrs. _____
Son/daughter/wife of Mr. _____
holding CNIC No. _____, to operate my/our above account with First
National Equities Limited (FNEL), with full power to buy, sell and trade in above account with First National
Equities Limited (FNEL), with full power to buy, sell and trade in Securities (as defined in FNE's Account Opening
Form) on my/our behalf and issue instructions for sale and purchase of securities and for trading in securities
from time to time, to receive payments on my/our behalf against securities sold by me/us or on my/our account
by the authorized Person (s), through FNE, to deliver the Securities to FNE sold on my/our account, to make
payment of securities purchased by the authorized person(s) on my account, through FNE and to generally
represent me/us to FNE and to deal with FNE on my/our behalf in all matters pertaining to the sale, purchase
and trading in securities and/or maintenance and operation of the said account with FNE.
I/we shall accept all transactions that may be effectuated by the said authorized person(s) jointly/severally
without raising any disputes or issues and shall be fully responsible and liable for all actions, acts, things and
deeds done or effectuated in this regard, by the said authorized person(s).

The specimen signatures of the authorized person(s) are as follows:

Sr.	Name of Authorized Person	CNIC No.	Specimen Signature
1.	_____	_____	_____
Witness			
1.	_____	_____	_____
2.	_____	_____	_____

Account Holder Signature:

1. _____ 2. _____



Annexure-C

FORMAT OF ZAKAT DECLARATION FORM (CZ - 50)

AS PER ZAKAT & USHER ORDINANCE 1980 [TO BE MADE ON A STAMP PAPER OF RS. 50/-]

Under the provision of Sub Section (3) of section 1 of Zakat and Ushr ord. 1980 (XVIII of 1980) and Rule 20 of Zakat (Collection & Refund) rules 1980, Sworn on Oath before I/We

_____ Son of _____ Aged _____ years,
residing at _____ do
here by solemnly swear by Allah that:

- a) I am/We are Muslim(s) and follow FIQH _____
- b) According to my/our faith and above said fiqh, I am /we are not obliged to pay Zakat on the following types of Assets to any extent as laid down in Zakat & Usher Ordinance, 1980.

1) GOLD & SILVER

Ornaments or silver which is not in the form of coins.

2) PAPER CURRENCY

3) LIFE INSURANCE POLICIES

4) BANK ACCOUNTS

All types including Saving Bank, Current Deposit, Notice Deposit, Fixed Deposit and similar account by whatever name described with the banks, Post Office, National Savings centers and financial institutions etc.

5) SECURITIES

All types including Shares, Debentures, N.I.T. Units, ICP Mutual Funds, Defense Saving, Special Saving Certificates and account thereof Prize Bonds, Government Securities etc.)

6) FUNDS

Provident Fund, Gratuity, Annuity, etc. LOANS given to other and ALL OTHER INVESTMENTS etc.)

Place: _____

Date: _____ Deponent(s)

WITNESSES

We,

1) _____ son of _____
resident of _____

2) _____ son of _____
resident of _____

solemnly declare and affirm that we know the above deponent(s) and identify him/them as the same person(s) as described above.

1) _____
Signature

2) _____
Signature

1) CNIC No. _____

2) CNIC No. _____

The above declaration has been solemnly on oath before me on this _____, 2016 by the above deponent(s) in presence of witnesses and identified the above deponent(s).



FIRST NATIONAL EQUITIES LIMITED

A member company of  group

First National Equities Limited

Commission Slab

FROM	UPTO	TRADING	DELIVERY
.00	9.99		
10.00	19.99		
20.00	49.99		
50.00	99.99		
100.00	199.99		
200.00	299.99		
300.00	ONWARD		

Client's Name: _____

Client's Signature: _____

Broker signature: _____

NOTE:

- a) First National Equities (FNE) shall be entitled to charge Annual Account Maintenance fee of Rs. ____/Annum. Any changes in commission slab or other charges shall be notified by FNE from time to time.
- b) All Taxes payable by the client.
- c) Day Trade is charged on one side of the transaction
- d) Commission is charged on per share basis
- e) Daily Rollover/Future/Provisional commission will be charged on weekly basis

FIRST NATIONAL EQUITIES LIMITED

Room No,1007, 10th Floor, New Stock Exchange Building, Karachi
Ph: (021) 32472119, 32472014, 32472758

web: www.fnetrade.com
E-mail: info@fnetrade.com



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"ANNEXURE A"

RISK DISCLOSURE DOCUMENT

(TO BE GIVEN BY THE BROKERS TO THEIR CUSTOMERS)

This Risk Disclosure document is prescribed by the Pakistan Stock Exchange Limited (PSX) under Clause 13(1) of the Securities Broker [Licensing and Operations] Regulations, 2016.

This document contains important information relating to various types of risks associated with trading and investment in financial products (equity securities, fixed income instruments, derivatives contracts etc.) being traded at PSX. The customers should carefully read this document before opening trading account with a broker.

In case a customer suffers negative consequences or losses as a result of trading/investment, he/she shall be solely responsible for the same and PSX or Securities and Exchange Commission of Pakistan (SECP) shall not be held responsible/liable, in any manner whatsoever, for such negative consequences or losses.

The customers must acknowledge and accept that there can be no guaranteed profit or guaranteed return on their invested capital and under no circumstances a broker can provide customers such guarantee or fixed return on their investment in view of the fact that the prices of securities and futures contract can fall as well as rise depending on the market conditions and performance of the companies. Customers must understand that past performance is not a guide to future performance of the securities, contracts or market as a whole. In case the customers have any doubt or are unclear as to the risks/information disclosed in this document, PSX strongly recommends that such customer should seek an independent legal or financial advice in advance.

PSX neither singly or jointly and expressly nor impliedly guarantee nor make any representation concerning the completeness, accuracy and adequacy of the information contained in this document as this document discloses the risks and other significant aspects of trading/investment at the minimum level. PSX does not provide or purport to provide any advice and shall not be liable to any person who enters into a business relationship with a broker based on any information contained in this document. Any information contained in this document must not be construed as business/investment advice in any manner whatsoever.

THE CUSTOMERS MUST BE AWARE OF AND ACQUAINTED WITH THE FOLLOWING:

1. BASIC RISKS INVOLVED IN TRADING IN SECURITIES MARKET:

1.1 VOLATILITY RISK:

Volatility risk is the risk of changes in the value of financial product in any direction. High volatility generally means that the values of securities/contracts can undergo dramatic upswings and/or downswings during a short period. Such a high volatility can be expected relatively more in illiquid or less frequently traded securities/contracts than in liquid or more frequently traded one. Due to volatility, the order of a customer may not be executed or only partially executed due to rapid change in the market prices. Such volatility can also cause price uncertainty of the market orders as the price at which the order is executed can be substantially different from the last available market price or may change significantly thereafter, resulting in a real or notional loss.

1.2 LIQUIDITY RISK:

Liquidity refers to the ability of market participants to buy and/or sell securities expeditiously at a competitive price and with minimal price difference. Generally, it is assumed that more the numbers of orders available in a market, greater is the liquidity. Liquidity is important because with greater liquidity, it is easier for customers to buy and/or sell securities swiftly and with minimal price difference and, as a result, customers are more likely to pay or receive a competitive price for their executed trades. Generally, lower liquidity can be expected in



Signature of Account Holder (s)

Signature of Joint Account Holder (s)

thinly traded instruments than in liquid or more frequently traded ones. As a result, order of customer may only be partially executed, or may be executed with relatively greater price difference or may not be executed at all. Under certain market conditions, it may be difficult or impossible for the customers to liquidate a position in the market at a reasonable price, when there are no outstanding orders either on the buy side or on the sell side, or if trading is halted in a security/contract due to any reason.

1.3 SPECULATIVE TRADING RISK:

Speculation involves trading of a security/contract with the expectation that it will become more valuable in a very near future. These transactions are attempted to make profit from fluctuations in the market value of securities, rather than fundamental value of a security and/or underlying attributes embodied in the securities such as dividends, bonus or any other factor(s) materially affecting the price.

Speculative trading results in an uncertain degree of gain or loss. Almost all investment activities involve speculative risks to some extent, as a customer has no idea whether an investment will be a blazing success or an utter failure.

Day trading strategy is a common example of speculative trading in which customers buy and sell the same security/derivative within the same day, such that all obligations are netted off and closed and no settlement obligations stand. The customer indulging in a day-trading strategy needs to be more vigilant and informed than the customers investing for a longer period, as market may not move during the day as the day-trader originally anticipated, resulting in a loss to them.

1.4 RISK OF WIDER SPREAD:

The Bid-Ask spread is the difference between the offer price and bid price of a security/contract quoted by the Market Makers or trading parties. The size of spread is affected by a number of factors such as liquidity, volatility, free float (the total number of shares outstanding that are readily available for trading) etc. Generally, low liquidity, high volatility and low free float levels of a security may result in relatively wider Bid-Ask Spread. The higher Bid-Ask spread can result in greater cost to customers.

1.5 RISK PERTAINING TO THE PRICE FLUCTUATIONS DUE TO CORPORATE ANNOUNCEMENT:


The corporate announcements by the issuers for the corporate actions or any other material information may affect the price of the securities. These announcements combined with relatively lower liquidity of the security may result in significant price volatility. The customers, while making any investment decision in such securities/contracts, are advised to take into account such announcements. Moreover, the customers should be cautious and vigilant in case fake rumors are circulating in the market. The Customers are advised to refrain from acting purely based on such rumors rather take well informed investment decision in light of all facts and circumstances associated with such securities and their issuers.

1.6 RISK REDUCING ORDERS:

The customers can place orders for limiting the losses to certain amounts, such as Limit Orders, Stop Loss Orders, and Market Orders etc. Customers must ask their brokers for detailed understanding of these order types. Customers must acknowledge that placement of such orders for limiting losses to certain extent may not always be an effective tool due to rapid movements in the prices of securities and, as a result, such orders may not be executed.

1.7 SYSTEM RISK:

High volume trading will frequently occur at the market opening and before market close. Such high volumes may also occur at any point in the day causing delay in order execution or confirmation. During periods of volatility, on account of market participants continuously modifying their order quantity or prices or placing fresh orders, there may be delays in order execution and its confirmations.

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1.8 SYSTEMIC RISK:

Systemic risk arises in exceptional circumstances and is the risk that the inability of one or more market participants to perform as expected will cause other participants to be unable to meet their obligations when due, thereby affecting the entire capital market.

1.9 SYSTEM AND NETWORKING RISK:

Trading on the P5X is done electronically, based on satellite/leased line based communications, combination of technologies and computer systems to place and route orders. All these facilities and systems are vulnerable to temporary disruption or failure, or any such other problem/glitch, which may lead to failure to establish access to the trading system/network. Such limitation may result in delay in processing or processing of buy or sell orders in part only or non-processing of orders at all. As with any financial transaction, the customer may experience losses if orders cannot be executed normally due to systems failures on the part of exchange or broker. The losses may be greater if the broker having customers' position does not have adequate back-up systems or procedures. Accordingly, the Customers are cautioned to note that although these problems may be temporary in nature, but when the customers have outstanding open positions or unexecuted orders, these limitations represent a risk because of obligations to settle all executed transactions.

1.10 RISK OF ONLINE SERVICES:

The customers who trade or intend to trade online should fully understand the potential risks associated with online trading. Online trading may not be completely secure and reliable and may cause delay in transmitting information, execution of instructions due to technological barriers. Moreover, the customer acknowledges and fully understands that he/she shall be solely responsible for any consequences arising from disclosure of the access codes and/or passwords to any third person or any unauthorized use of the access codes and/or passwords.

1.11 REGULATORY/LEGAL RISK:


Government policies, rules, regulations, and procedures governing trading on the exchange are updated from time to time. Such regulatory actions and changes in the legal/regulatory ecosystem including but not limited to changes in tax/levies may alter the potential profit of an investment. Some policies of the government may be focused more on some sectors than others thereby affecting the risk and return profile of the investment of the customers in those sectors.

2. RISKS IN DERIVATIVE AND LEVERAGE PRODUCTS:

Derivative and leveraged trades enable the customer to take larger exposure with smaller amount of investment as margin. Such trades carry high level of risk and the customers should carefully consider whether the trading in the derivative and leveraged products is suitable for them, as it may not be suitable for all customers. The higher the degree of leverage, the greater the possibility of profit or loss it can generate in comparison with the investment involving full amount. Therefore, the customers should trade in the derivative and leveraged products in light of their experiences, objectives, financial resources and other relevant circumstances.

Derivative product namely Deliverable Futures Contract, Cash Settled Futures Contract, Stock Index Futures Contract and Index Options Contracts and leveraged products namely Margin Trading System, Margin Financing and Securities Lending and Borrowing are available for trading at stock exchange.

The customer transacting in the derivative and leveraged markets needs to carefully review the agreement provided by the brokers and also thoroughly read and understand the specifications, terms and conditions which may include markup rate, risk disclosures etc. There are a number of additional risks that all customers need to consider while entering into derivative and leveraged market transactions. These risks include the following:

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- (a) Trading in the derivative and leveraged markets involves risk and may result in potentially unlimited losses that are greater than the amount deposited with the broker. As with any high risk financial product, the customer should not risk any funds that the customer cannot afford to lose, such as retirement savings, medical and other emergency funds, funds set aside for purposes such as education or home ownership, proceeds from student loans or mortgages, or funds required to meet living expenses.
- (b) All derivative and leveraged trading involves risk, and there is no trading strategy that can eliminate it. Strategies using combinations of positions, such as spreads, may be as risky as outright long or short positions. Trading in equity futures contracts requires knowledge of both the securities and the futures markets.
- (c) The customer needs to be cautious of claims of large profits from trading in such products. Although the high degree of leverage can result in large and immediate gains, it can also result in large and immediate losses.
- (d) Because of the leverage involved and the nature of equity futures contract transactions, customer may feel the effects of his/her losses immediately. The amount of initial margin is small relative to the value of the futures contract so that transactions are 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds the customer has deposited or will have to deposit. This may work against customer as well as for him/her. Customer may sustain a total loss of initial margin funds and any additional funds deposited with the broker to maintain his/her position. If the market moves against his/her position or margin levels are increased, customer may be called upon to pay substantial additional funds on short notice to maintain his/her position. If the customer fails to comply with a request/call for additional funds within the time specified, his/her position may be liquidated/squared-up at a loss, and customer will be liable for the loss, if any, in his/her account,
- (e) The customer may find it difficult or impossible to liquidate/square-up a position due to certain market conditions. Generally, the customer enters into an offsetting transaction in order to liquidate/square-up a position in a derivative or leverage contract or to limit the risk. If the customers cannot liquidate position, they may not be able to realize a gain in the value on position or prevent losses from increasing. This inability to liquidate could occur, for example, if trading is halted due to some emergency or unusual event in either the equity futures contract or the underlying security, no trading due to imposition of circuit breaker or system failure occurs on the part of exchange or at the broker carrying customers' position. Even if customers can liquidate position, they may be forced to do so at a price that involves a large loss.
- (f) Under certain market conditions, the prices of derivative contracts may not maintain their customary or anticipated relationships to the prices of the underlying security. These pricing disparities could occur, for example, when the market for the equity futures contract is illiquid, when the primary market for the underlying security is closed, or when the reporting of transactions in the underlying security has been delayed.
- (g) The customer may be required to settle certain futures contracts with physical delivery of the underlying security. If the customer hold position in a physically settled equity futures contract until the end of the last trading day prior to expiration, the customer shall be obligated to make or take delivery of the underlying securities, which could involve additional costs. The customer should carefully review the settlement and delivery conditions before entering into an equity futures contract.
- (h) Day trading strategies involving equity futures contracts and other products pose special risks. As with any financial product, customers who seek to purchase and sell the same equity futures in the course of a day to profit from intra-day price movements ("day traders") face a number of special risks, including substantial commissions, exposure to leverage, and competition with professional traders. The customer should thoroughly understand these risks and have appropriate experience before engaging in day trading. The customer should obtain a clear explanation of all commission, fees and other charges for which he/she will be liable. These charges will affect net profit (if any) or increase loss.

3. GENERAL:

3.1 ASSETS HELD WITH BROKERS:

The customer should familiarize him/herself with the measures available for protecting from the risk of misappropriation or misuse of cash and securities held with the brokers. For such purpose, he/she may opt for UIN Information System (UIS) provided by National Clearing Company of Pakistan Limited (NCCPL). The customer should also provide correct mobile number/email address in order to receive SMS/e-Alerts services



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being provided by the NCCPL and Central Depository Company of Pakistan Limited (CDC) on each trade and movement of their securities.

Moreover, the customers should be aware of the protections given to money and securities deposited with the brokers, particularly in the event of a default by such broker or the broker's insolvency or bankruptcy. The customer recognizes that in such default/insolvency/bankruptcy scenario, the customer may recover his/her money and/or property to such extent as may be governed by relevant PSX Regulations and/or local laws in force from time to time.

3.2 CUSTOMERS RIGHTS AND OBLIGATIONS:

The customer must understand their rights and obligations as well as the rights and obligations of the brokers specified under the PSX Regulations and the Standardized Account Opening Form, Know Your Client Form, Standardized Sub-Account Opening Form of CDC, and Agreements) of Leveraged Products Margin Trading System, Margin Financing and Securities Lending and Borrowing), where applicable, and any other applicable Rules, Regulations, Guidelines, Circulars etc. as may be issued by SECP and PSX¹ from time to time.

- a) The customers should ensure that they deal through the registered branch and with the registered Agents/Traders/Representatives of the broker. The customer shall also verify such details from the website of PSX and Jamapunji.
- b) Customer at the time of establishing relationship with the brokers, should obtain a clear explanation of all brokerage, commission, fees and other charges for which customer will be liable to pay and these charges will affect net cash inflow or outflow.
- c) It is obligatory for the brokers to issue contract note, in either electronic form or hard copy, by next working day of trading. The contract note shall contain all information relating to trade execution including commission and charges applicable on the customers. In case contract note is not issued, customer should inquire with broker immediately and in case the matter is not resolved, the same should be reported to the PSX.
- (d) The customers should match the information as per the contract notes with the SMS/e-Alert received from CDC and/or NCCPL and may also verify from the L115 facility from the website of NCCPL.

UNDERTAKING

I, the customer, hereby acknowledge that I have received this Risk Disclosure Document and have read and understood the nature of all risks and other contents and information provided in this document.

Date: _____

Signature of Broker

_____ 

Signature of Account Holder (s)

Signature of Joint Account Holder (s)

Date: _____

The Manager
Customer Support & Settlement
First National Equities Limited
Lahore.

Subject: Receipt of Investors Awareness Guide and Risk Disclosure Documents Issued by PSX.

Dear Sir,

Reference to above mentioned subject, I/We confirm that I/We had/have received Investors Guide and Risk Disclosure Documents which is also available at the site of the company i.e, First National Equities Limited (www.fnetrade.com). I/We had/have read all the information in both the documents. I also confirm that any transaction in my/our account will be solely my/our decision.

Thanks & Regards,

Name: _____

Account No: _____

Signature: _____

✓

Date: _____

To,
Head of Operations & Settlement
First National Equities Limited
Lahore.

Subject:- Login ID & Password for Online Trading

Dear Sir,
It is stated that my Account ID is _____ and CDC Sub Account is _____ I need login ID and password of Trade XS for online trading.

Your early cooperation in this regard will be highly appreciable.

Thanking You,

Name: _____

Signature: _____ 

Email Address: _____