

IRREVOCABLE BANK GUARANTEE

THIS IRREVOCABLE BANK GUARANTEE is made and executed on this ____ day _____.

BY:

_____ Bank Limited, a **Banking Company incorporated in Pakistan and having its head office at _____ (city name) and** Branch at Stock Exchange Building, Stock Exchange Road,, Karachi (herein after referred to as the "Bank", which expression shall, wherever the context so requires, means and include its successors-in-interest and permitted assigns)

IN FAVOUR OF:

PAKISTAN STOCK EXCHANGE LIMITED, a Stock Exchange incorporated under the Laws of Pakistan, having its registered office at Stock Exchange Building, Stock Exchange Road, Karachi, Pakistan (herein after referred to as the "Stock Exchange", which expression shall, wherever the context so requires, means and include its successors-in-interest and permitted assigns);

WHEREAS:

- (a) The Stock Exchange has been registered under the Securities and Exchange Ordinance, 1969 and has made available facilities, among others, for dealing in securities and, for risk management and settlement of contracts, trades and transactions in respect of securities and for execution of transactions through Karachi Automated Trading System under and in terms of its various regulations framed for these purposes (hereinafter referred as the "Regulations", which term shall also include Board Decisions, Notices, all amendments, modifications and additions therein from time to time and any new Regulations made in substitution therefor);
- (b) _____ (hereinafter referred to as "**TRE Certificate Holder**", which term shall include his/its legal heirs, nominees, administrators, executors, successors-in-interest and assigns) and having office at _____, _____ Pakistan has been admitted by the Stock Exchange as a **TRE Certificate Holder** under its Articles of Association and registered as a Broker under Brokers and Agents Registration Rules 2001 made under the Securities and Exchange Ordinance, 1969 to transact securities business on the Stock Exchange.
- (c) Under the Regulations of the Stock Exchange, the **TRE Certificate holders** executing securities transactions at the Stock Exchange incur various liabilities including but not limited to deposit of Exposure Margins, Special Margins/**Liquidity Margins**, payment of Mark to Market Losses, Final Losses and ultimate settlement of executed trades, transactions and contracts.

NOW, THEREFORE, in consideration of the Stock Exchange allowing the **TRE Certificate Holder** to carry out securities transactions at the Stock Exchange, the Bank hereby agrees for the benefit of the Stock Exchange as follows:

1. Interpretation

- 1.1 Terms defined in the description of the parties and in the Preamble to this Guarantee appearing above shall, unless otherwise defined below, have the same meaning in this Guarantee.
- 1.2 Terms defined in the Regulations shall, unless otherwise defined below, have the same meaning in this Guarantee.
- 1.3 **“TRE Certificate” means a Trading Rights Entitlement (TRE) Certificate issued by the Exchange evidencing right of a TRE Certificate Holder to apply for registration as a Broker in accordance with the Brokers and Agents Registration Rules, 2001 as amended from time to time;**
- 1.4 **“TRE Certificate Holder” means a person who is issued a TRE Certificate by the Exchange under section 5 of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012, or purchases or acquires such TRE Certificate under section 16 of the said Act or is issued a fresh TRE Certificate in accordance with the provisions of the said Act;**
- 1.5 **“Broker” means a TRE Certificate Holder of the Exchange registered with the Commission as Broker under the Brokers and Agents Registration Rules, 2001;**
- 1.6 **“Exchange” shall mean the PAKISTAN STOCK EXCHANGE LIMITED;**
- 1.7 Any reference in this Guarantee to:
 - (a) the “Stock Exchange” shall be construed so as to include its successors, transferees and assigns;
 - (b) a "business day" shall be construed as a reference to a day (other than a Sunday) on which banks are generally open for business in Karachi
 - (c) a “Clause” shall, subject to any contrary indication, be construed as a reference to a clause hereof;
 - (d) a “person” shall be construed as reference to any person, firm, company, corporation, body corporate, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the foregoing; and
 - (e) “Pakistan” means the Islamic Republic of Pakistan.
- 1.8 Save where the contrary is indicated, any reference in this Guarantee to:
 - (i) this Guarantee, Regulations or any other agreement or document shall be construed as a reference to this Guarantee, the Regulations or, as the case may be, such other agreement or documents as the same may have been, or may from time to time be, amended, varied, novated or supplemented; and

- (ii) a statute or statutory provision shall be construed as a reference to such statute or statutory provision as the same may have been, or may from time to time be, amended or re-enacted and include statutory instruments made thereunder and for the time being in force.

1.9 Clause headings are for ease of reference only.

2. Irrevocable Guarantee

The Bank hereby irrevocably and unconditionally:

- (i) guarantees to the Stock Exchange the due and punctual observance and performance of all the terms, conditions and covenants on the part of the **TRE Certificate Holder** contained in the Regulations and undertakes to pay to the Stock Exchange from time to time on demand any and every sum or sums of money but to the extent of amount mentioned below in Clause 15 of this Guarantee, which the **TRE Certificate Holder** shall at any time be liable to pay to the Stock Exchange under or pursuant to the Regulations (including, without limitation, any Mark-to-Market losses, any amounts payable in cash on account of deposit against Exposure Margin, deposit against Special Margin, Final Losses and any losses allocated to the **TRE Certificate Holder** under the Regulations) and which shall not have been paid at the time such demand is made;
- (ii) agrees to accept the Stock Exchange's demand as sufficient evidence of non-payment by the **TRE Certificate Holder** and to make payment of the amount of every demand received from the Stock Exchange under this Guarantee not later than 5:00 p.m. on the day when demand is presented to Bank (provided it is presented before 2:30 p.m. on that day) without any demur, protest, contestation and/or objection and without reference to the **TRE Certificate Holder**, and agrees that if the Bank will fail to make payment of a demand of the Stock Exchange within such time after receiving the Stock Exchange's demand, the Bank shall become liable to pay to the Stock Exchange an additional amount by way of liquidated damages equivalent to twenty (20%) per cent of the amount not paid by the Bank, together with all costs and expenses incurred by the Stock Exchange in effecting recovery from the Bank. Such liquidated damages and costs and expenses shall be in addition to any limit on the monetary obligation of the Bank set out in this Guarantee; and
- (iii) agrees as a primary obligation to indemnify the Stock Exchange from time to time on demand by the Stock Exchange from and against any loss incurred by the Stock Exchange as a result of any of the obligations of the **TRE Certificate Holder** under or pursuant to the Regulations being or becoming void, voidable, unenforceable or ineffective as against the **TRE Certificate Holder** for any reason whatsoever, whether or not known to the Stock Exchange, the amount of such loss being the amount which the Stock Exchange would otherwise have been entitled to recover from the **TRE Certificate Holder**.

3. Preservation of Rights

- 3.1 The obligations of the Bank herein contained shall be in addition to and independent of every other security which the Stock Exchange may at any time hold in respect of any of the **TRE Certificate Holder's** obligations under the Regulations (whether furnished to the Stock Exchange by the **TRE Certificate Holder** or any other person) and may be enforced without the

Stock Exchange first having recourse to any such security and without the Stock Exchange first taking steps or proceedings against the **TRE Certificate Holder** or any other person.

- 3.2 The obligations of the Bank herein contained shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever, and in particular, but without limitation, shall not be considered satisfied by any payments or satisfaction of all or any of the obligations of the **TRE Certificate Holder** under the Regulations and shall continue in full force **till the expiry date mentioned above** and effect for so long as the **TRE Certificate Holder** remains a **TRE Certificate Holder** of the Stock Exchange, and in case the **TRE Certificate** of the **TRE Certificate Holder** of the Stock Exchange is forfeited/cancelled by the Stock Exchange or is given up by the **TRE Certificate Holder**, till the total discharge of all of the **TRE Certificate Holder's** actual and contingent obligations under the Regulations.
- 3.3 Neither the obligations of the Bank herein contained nor the rights, powers and remedies conferred upon the Stock Exchange by this Guarantee, the Regulations or by law shall be discharged, impaired or otherwise affected by:
- (i) the winding-up, dissolution, administration, re-organisation, bankruptcy or insolvency of the **TRE Certificate Holder** or any other person or any change in the status, function, control or ownership of Initial **TRE Certificate Holder**;
 - (ii) any of the obligations of the **TRE Certificate Holder** or of any other person under the Regulations or under any other security taken in respect of any of its obligations under the Regulations being or becoming illegal, invalid, unenforceable or ineffective in any respect;
 - (iii) time or other indulgence being granted or agreed to be granted by the Stock Exchange to the **TRE Certificate Holder** in respect of its obligations under the Regulations or under any such other security;
 - (iv) any amendment to, or any variation, waiver or release of, any obligation of the **TRE Certificate Holder** under the Regulations or under any such other security;
 - (v) any failure to take, or fully to take, any security agreed to be taken in respect of the **TRE Certificate Holder's** obligations under the Regulations;
 - (vi) any failure to realize, or fully to realize, the value of, or any release, discharge, exchange or substitution of, any security taken in respect of the **TRE Certificate Holder's** obligations under the Regulations; or
 - (vii) any other act, event or omission which, but for this Clause 3.3, might operate to discharge, impair or otherwise affect any of the obligations of the Bank herein contained or any of the rights, powers or remedies conferred upon the Stock Exchange by the Regulations or by law.
- 3.4 Any settlement or discharge between the Bank and the Stock Exchange shall be conditional upon no security or payment to the Stock Exchange by the **TRE Certificate Holder** or the Bank or any other person on behalf of the **TRE Certificate Holder** or, as the case may be, the Bank being avoided

or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, if any such security or payment is so avoided or reduced, the Stock Exchange shall be entitled to recover the value of amount of such security or payment from the Bank subsequently as if such settlement or discharge had not occurred.

- 3.5 Any discharge given by the Stock Exchange to the Bank in respect of any of the Bank's obligations hereunder or any other agreement reached between the Bank and the Stock Exchange in relation thereto shall be, and be deemed always to have been void if any act on the faith of which the Stock Exchange gave the Bank that discharge or entered into that agreement is subsequently avoided by or in pursuance of any provision of law.
- 3.6 The Stock Exchange shall not be obliged before exercising any of the rights, powers or remedies conferred upon it in respect of the Bank by this Guarantee or by law:
- (i) to make any demand of the **TRE Certificate Holder**;
 - (ii) to take any action or obtain judgment in any court against the **TRE Certificate Holder**;
 - (iii) to make or file any claim or proof in a winding-up or dissolution of the **TRE Certificate Holder**; or
 - (iv) to enforce or seek to enforce any other security taken in respect of any of the obligations of the **TRE Certificate Holder** under the Regulations whether furnished by the **TRE Certificate Holder** or any other person.
- 3.7 After a demand has been made by the Stock Exchange or hereunder, so long as the Bank is under any actual or contingent liability hereunder, the Bank shall not:
- (i) exercise in respect of any amount paid by the Bank hereunder any right of subrogation or any other right or remedy which the Bank may have in respect thereof;
 - (ii) except with the Stock Exchange's consent in writing claim or receive payment of any other moneys for the time being due to the Bank by the **TRE Certificate Holder** arising from the issuance and performance of this Guarantee, or exercise any other right or remedy which the Bank may have in respect thereof; or
 - (iii) unless so required by the Stock Exchange, prove in a liquidation of the **TRE Certificate Holder** in competition with the Stock Exchange for any moneys owing to the Bank by the **TRE Certificate Holder** on any account whatsoever.

Any moneys obtained by the Bank from the **TRE Certificate Holder** with such consent or as required by the Stock Exchange, or in breach of this Clause shall be held by the Bank upon trust to pay the same to the Stock Exchange in or towards discharge of the Bank's obligations hereunder.

- 3.8 The Bank agrees that, so long as any amounts are or may be owed by the **TRE Certificate Holder** under the Regulations or the **TRE Certificate Holder** is under any actual or contingent obligations under the Regulations,

the Bank shall not exercise any rights which the Bank may at any time have by reason of performance by it of its obligations hereunder:

- (i) to be indemnified by the **TRE Certificate Holder**; and/or
- (ii) claim any contribution from any other guarantor of the **TRE Certificate Holder**'s obligations under the Regulations; and/or
- (iii) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Stock Exchange under the Regulations or hereunder or of any other security taken pursuant to, or in connection with, the Regulations or this Guarantee by the Stock Exchange.

4. Representations and Warranties

4.1 The Bank represents and warrants that:

- (i) it has power to enter into this Guarantee and to exercise its rights and perform its obligations hereunder and all actions required to authorize its execution of this Guarantee and its performance of its obligations hereunder have been duly taken;
- (ii) under the laws of Pakistan in force at the date hereof, the claims of the Stock Exchange against it under this Guarantee will rank at least *pari passu* with the claims of all its other unsecured creditors;
- (iii) in any proceedings taken in Pakistan in relation to this Guarantee, it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process;
- (iv) all acts, conditions and things required to be done, fulfilled and performed in order (a) to enable it lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in this Guarantee, (b) to ensure that the obligations expressed to be assumed by it in this Guarantee are legal, valid and binding and (c) to make this Guarantee admissible in evidence in Pakistan have been done, fulfilled and performed;
- (v) the obligations expressed to be assumed by it in this Guarantee are legal, valid and binding obligations enforceable in accordance with the terms hereof.

4.2 The Bank further represents and warrants that:

- (i) it is not in breach of or in default under any agreement to which it is a party or which is binding on it or any of its assets to an extent or in a manner which might have a material adverse effect on its financial condition;
- (ii) no action or administrative proceedings of or before any court or agency which might have a material adverse effect on its financial condition has been started or threatened;
- (iii) all of the written information (if any) supplied by it to the Stock Exchange in connection herewith is true, complete and accurate in all material respects and it is not aware of any material facts or

circumstances that have not been disclosed to the Stock Exchange and which might, if disclosed, adversely affect the decision of the Stock Exchange as to whether or not to accept a guarantee from the Bank in respect of the obligations secured by this Guarantee;

- (iv) no encumbrance exists over all or any of the present or future revenues or assets of the Bank;
- (v) the execution of this Guarantee and its exercise of its rights and performance of its obligations hereunder will not result in the existence of nor oblige it to create any encumbrance over all or any of its present or future revenues or assets;
- (vi) the execution of this Guarantee and its exercise of its rights and performance of its obligations hereunder do not and will not:
 - (a) conflict with any agreement, mortgage, bond or other instrument or treaty to which it is or will be a party or which is binding upon it or any of its assets; or
 - (b) conflict with any applicable law, regulation or official or judicial order.

5. **Payments**

All payments to be made by the Bank to the Stock Exchange hereunder shall be made free and clear of and without deduction for or on account of tax unless the Bank is required to make such a payment subject to the deduction or withholding of tax, in which case the sum payable by the Bank in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of the required deduction or withholding, the Stock Exchange receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

6. **Evidence of Amount Due**

A certificate of the Stock Exchange of any amount at any time due from the **TRE Certificate Holder** under the Regulations or any amount which, but for any of the obligations of the **TRE Certificate Holder** under the Regulations being or becoming void, voidable, unenforceable or ineffective for any reason at any time, would have been due from the **TRE Certificate Holder** under the Regulations shall, in the absence of manifest error, be prima facie evidence for the purposes of this Guarantee and shall be binding upon and accepted by the Bank without raising any objection or making any reference to the **TRE Certificate Holder** and despite any objection raised by the **TRE Certificate Holder** and despite the existence of any dispute, litigation (including arbitration) between the Stock Exchange and the **TRE Certificate Holder**, or any other person.

7. **Covenants of the Bank**

The Bank shall:

- (i) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorizations, approvals, licences and consents required in or by the laws and regulations of Pakistan to enable it lawfully to

enter into and perform its obligations under this Guarantee or to ensure the legality, validity, enforceability or admissibility in evidence in Pakistan of this Guarantee; and

- (ii) ensure that at all times the claims of the Stock Exchange against it under this Guarantee rank at least *pari passu* with the claims of all its other unsecured creditors.

8. Financial Information

The Bank shall, from time to time on request of the Stock Exchange furnish the Stock Exchange with such financial, statistical and general information about the Bank as the Stock Exchange may reasonably require.

9. Continuing Security

This Guarantee shall be a continuing security to the Stock Exchange in respect of each and every one of the obligations of the **TRE Certificate Holder** under the Regulations and shall not be (or be construed so as to be) revoked or discharged by any intermediate discharge or payment of or on account of the obligations of the **TRE Certificate Holder** under the Regulations or any settlement of accounts between the Stock Exchange and the **TRE Certificate Holder** or anyone else. The Stock Exchange shall have the right to make one or more demands on the Bank under this Guarantee during the period of validity i.e. expiry date mentioned above of this Guarantee.

10. Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of the Stock Exchange, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

11. Benefit of Guarantee

11.1 This Guarantee shall be binding on and ensure to the benefit of each party hereto and its successors and assigns.

11.2 The Bank shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder.

11.3 The Stock Exchange may at any time assign all or any of its rights and benefits hereunder to any bank(s) and/or financial institution(s) as security for any financial facilities obtained by the Stock Exchange from such bank(s) and/or financial institution(s).

12. Partial Invalidity

If, at any time, any provision of the Regulations or of this Guarantee is or becomes illegal, invalid or unenforceable in any respect under the law of Pakistan, the legality, validity or enforceability of the remaining provisions of any of these documents shall not in any way be affected or impaired thereby.

13. Notices

13.1 Each communication to be made hereunder shall be made in writing but, unless otherwise stated, may be made by fax or letter.

13.2 Any communication or document to be made or delivered by one party to the other pursuant to this Guarantee shall (unless any party has by fifteen (15) days' advance written notice to the other party specified another address) be made or delivered to that other party at the address set out above in this Guarantee and shall be deemed to have been made or delivered when despatched (in the case of any communication made by fax) or (in the case of any communication made by letter) when left at that address or (as the case may be) three days after being deposited in the post postage prepaid in an envelope addressed to it at that address.

13.3 Each communication and document made or delivered by one party to another pursuant to this Guarantee shall be in the English language.

14. Law

This Guarantee shall be governed by, and shall be construed in accordance with, Pakistan law.

15. Irrevocability & Validity of the Guarantor

This Guarantee constitutes an irrevocable and unconditional obligation and commitment of the Bank up to the extent of amount of Rs. _____ (amount in words) to the Stock Exchange and shall remain valid and in force till **the expiry date mentioned above, however, upon the expiry of this guarantee we shall be absolved of all our liabilities hereunder regardless of whether or not this guarantee is returned to us in original.**

IN WITNESS WHEREOF this Guarantee has been duly executed by the Bank and is intended to be and is hereby delivered on the date first above written.

_____ **Bank Limited**

acting through

Signature: _____

Name: _____

Duly authorized signatory

Witnessed by:

1. _____

2. _____