TERMS USED IN FDM CAPITAL SECURITIES

SHARE:

A security is a financial instrument that represents an ownership position in a publicly-traded Company.

TYPES OF TRADING MARKETS:

- Regular market
- Deliverable future contracts
- Initial Public Offering (IPO)
- Stock Index future Contracts (SIFC)
- Cash Settle Future Contracts (CSF)

SECURITY SYMBOL:

Unique identification code for traded securities.

MARKET:

There are few categories of market trading such as Regular, Future, IPO, SIFC etc.

BUY:

The rate at which investor intends to execute order or place a limit order for security passion.

BUY VOLUME:

Number of shares investor wants to buy.

SELL:

The rate at which investor intends to execute order or place a limit order to sale the security.

SELL VOLUME:

Number of shares investor wants to sell

CHANGE:

Price change represent in Percentage % with respect to yesterday closing. Change in green shows price increase from yesterday and change in red shows decline in price from yesterday.

VOLUME:

Numbers of shares are traded by investors in security.

CLOSING PRICE:

Closing price at which trading closed after the market closed.

AVERAGE PRICE:

Average price shows that Total value of security traded, dividend by Number of securities traded.

HIGH PRICE:

Highest price at which security traded on day of trading.

LOW PRICE:

Lowest price at which security traded on day of trading.

LIMIT ORDER:

Placing of order less than to market price for the buying of securities or greater than to market price for the selling of securities is called limit order.

MARKET ORDER:

Execution of orders at current market price is called market order.

WINDOWS:

Windows show the order queue. There are two types of windows in IBTS.

- **Market by price:** Shows order queues by price
- **Market by order:** Shows total volume at particular price

Confirmation Window:

Confirmation window shows the status of order confirmation, order limit, and remaining shares in the order.

TRADE LOG:

Shows the total detail of executed trades by investor in his/her trading account

OUTSTANDING ORDERS:

Shows the total un-executed trades or limit order by investor in his/her trading account.

PREVIOUS CLOSING PRICE:

Previous trading day closing Price.

TRADE TIME:

Time at which trade executed by account holders.

MARKET LOT:

As per PSX rule, Market lots are as follow.

PRICE RANGE	MARKETABLE LOTS
Upto Rs. 100	500 Shares
Above Rs. 100 up to Rs. 500	100 Shares
Above Rs. 500 up to Rs. 1000	50 Shares
Above Rs.1000	20 Shares

ODL MARKET:

Any transaction less than Market lot is called Odd lot. Minimum odd lot is 1 share. PSX design separate market for odd lot trading for investor.

STOP LOSS ORDER:

An order to buy or sell a security when it reaches a certain price. A stop-loss order is designed to limit an investor's loss on a position in a security.

LEVERAGE BUYING:

Leverage buying is designed for the investors who want to buy the securities on leverage.

SHORT SELL:

A short sale is a share transaction in which an investor sells securities in expectation of a price decline.

SPOT SECURITY:

Securities traded for entitlement of declaration of Cash Dividend, Stock Dividend and Right Share.

PORTFOLIO:

Collection of shares held by investor.

1. **INDUCTION OF ORDERS**
2. **MATCHING OF ORDERS**
3. **EXECUTION OF ORDERS**
4. **CONFIRMATION OF TRADES**

[redacted]

Uploading of executed orders into a back office for settlement.

Confirmation of memo Email the client, confirming the details of the transactions along with commission charged.

Shares are transferred to client's CDC Sub-Account or delivery of shares to seller from client's CDC Sub-Account. The clients will paid outstanding amount (if any) against the trade executed on T+2 & T+0.

PROCEDURE TO CANCEL PENDING ORDERS DURING A SYSTEM FAILURE

During an IBTS system failure, Clients are advised to cancel pending orders by contacting our IT Support Department at M.M. Securities (Pvt.) Ltd. *Head office*.

Location: FDM CAPITAL SECURITIES (PVT.) LIMITED
Department: I.T. Support

OFFICER CONTACT DETAILS:

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BROKER CLIENT RELATIONSHIP AND ARBITRATION PROCEDURE IN CASE OF ANY DISPUTE

ARBITRATION

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

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

Types of Disputes Could be referred to Arbitration

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

DISPUTES REFERRED TO ARBITRATION

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

ARBITRATION PROCESS

1. Scrutiny of application.
2. Acceptance and rejection of application.
3. Referred the dispute to sole arbitrator or sub-panel according to claims amount.
4. Hearing notice to both parties.
5. Equal opportunities to both parties to present before the sole arbitrator or sub-panel.
6. Decision by Majority Arbitrators will be the final decision or "Award" and decision will be finalized within 90 days of the acceptance of the application.
7. Appeal to Regulatory Affair Committee (RAC) against Award within fifteen days of receipt of the Award by any party.

RISK OF SECURITIES TRADING

IBTS SYSTEM FAILURE RISK:

IBTS system failure may accurse during the trading hours due to technical faults which may lead to losses to Account holders due to non-availability of the trading terminal for execution of orders timely or at desired price if limit orders are not placed in the IBTS. As well as, cancellation of orders during the system failure may also lead to losses in account holder's account.

ECONOMY RISK:

The business performance of any company depends on the growth of an economy. An economy, which continues to prosper, ensures that companies operating in it benefit from its growth. However, an equity shareholder also runs the risk of any downturn in the economy affecting the performance of his company.

Economy related risks are usually reflected in the factors such as GDP growth, inflation, balance of payment positions, interest rates, credit growth etc.

INDUSTRY RISK:

All industries undergo some kind of cyclical growth. Shareholders get rewarded most during the expansion stage. However, once the industry reaches a maturity stage, the rewards from investment are limited. Further, companies belonging to industries where growth has retarded incur losses or declining gains. Industry specific government regulations also impact returns from investments made therein.

BUSINESS RISK:

Business risk is a function of the operating conditions faced by a company and the variability that these conditions inject into operating income and hence expected dividends.

FINANCIAL RISK:

The possibility that shareholders will lose money when they invest in a company that has debt, if the company's cash flow proves inadequate to meet its financial obligations. When a company uses debt financing, its creditors will be repaid before its shareholders if the company becomes insolvent.

Financial risk also refers to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money.

EXCHANGE RATE RISK:

Any appreciation & depreciation in the currency, adversely affects earnings, which results in fluctuation in share price.

INFLATION RISK:

Rising prices or inflation reduces purchasing power for the common man resulting in a slowdown in the demand in the economy. This has implications for all the sectors in the economy.

INTEREST RATE RISK:

Rising interest rate leads to disinvestment from the stock market to Govt. securities for the secured and better returns. This may lead to less trading volume in the market or less liquid market for the investment.