

# Proprietary Investment and Trading Policy

## **PURPOSE**

The purpose of this document is to establish a policy for approval, execution and recording of trades and investments by proprietor.

## **OVERVIEW**

PSX Rulebook defines Proprietary Trading as “trading conducted by a broker, agent or an associated person on his own account for direct gain instead of commission from clients”.

Investment advisory committee (IAC) is responsible for finding opportunities and making decisions in respect of short and long term investments.

The investment advisory committee consists of:

- Erum Bilwani - Director
- Syed Raza Haider Jafri – Director
- Wajid Hussain – Chief Executive Officer

## **PROCEDURE**

The IAC establishes risk appetite of the company determining minimum and maximum thresholds for different kinds of investments. It also determines the type and class of securities in which to investment. The objective of such controls is to limit investment risks.

Advice on Buy / Sell call is given to the members of IAC by Head of Research and Head of Trading individually highlighting investment opportunities. If the investment is accepted an approval is sent to head of trading who is then responsible to execute the trade.

If the trade is executed the details of investment are sent to Finance department for accounting and reporting purposes.

If the trade remains unexecuted at the day end, the transaction is rescinded and informed to IAC members.

No trade shall be placed for any security of a company if IMS has information which:

- a) Is not generally available.
- b) Would, if it were available, be likely to materially affect the price of that security.

## **REPORTING**

Each month end a report prepared by Finance Officer is sent to the IAC depicting current holdings of the company and their value at month end.

A separate proprietary trading account is maintained in the back office for this purpose. Entries are directly posted to it when investment / divestment is made, based on the information received from head of trading.

All purchase and sale of securities executed on behalf of the company through KATS are on the basis of UIN (Unique Identification Number) allocated to the house.

## **ACCOUNTING**

At each month end investments are marked to market and any resulting realized or unrealized gain / loss in proprietary trading account is computed and posted in the back office through a JV prepared by the Finance department.

**Following entries are made – for realized gain / loss:**

If gain is realized and investment is held at FVTPL

<b>Account Code</b>	<b>Head of account</b>	<b>Debit</b>	<b>Credit</b>
	Proprietary trade account	XXX	
	Realized gain on investment at PVTPL		XXX

If gain is realized and investment is held at FVTOCI

<b>Account Code</b>	<b>Head of account</b>	<b>Debit</b>	<b>Credit</b>
	Proprietary trade account	XXX	
	Realized gain on investment at PVTOCI		XXX

If loss is realized and investment is held at FVTPL

<b>Account Code</b>	<b>Head of account</b>	<b>Debit</b>	<b>Credit</b>
	Realized loss on investment at PVTPL	XXX	
	Proprietary trade account		XXX

If loss is realized and investment is held at FVTOCI

<b>Account Code</b>	<b>Head of account</b>	<b>Debit</b>	<b>Credit</b>
	Realized loss on investment at PVTOCI	XXX	
	Proprietary trade account		XXX

**Following entries are made – for unrealized gain / loss:**

If gain is unrealized and investment is held at FVTPL

<b>Account Code</b>	<b>Head of account</b>	<b>Debit</b>	<b>Credit</b>
	Proprietary trade account	XXX	
	Unrealized gain/loss on investment at FVTPL		XXX

If gain is unrealized and investment is held at FVTOCI

<b>Account Code</b>	<b>Head of account</b>	<b>Debit</b>	<b>Credit</b>
	Proprietary trade account	XXX	
	Unrealized gain on investment at FVTOCI		XXX

If loss is unrealized and investment is held at FVTPL

<b>Account Code</b>	<b>Head of account</b>	<b>Debit</b>	<b>Credit</b>
	Unrealized loss on investment at FVTPL	XXX	
	Proprietary trade account		XXX

If loss is realized and investment is held at FVTOCI

<b>Account Code</b>	<b>Head of account</b>	<b>Debit</b>	<b>Credit</b>
	Unrealized loss on investment at FVTOCI	XXX	
	Proprietary trade account		XXX