

Taurus Securities Limited

Policy on the Use of Artificial Intelligence (AI) Tools in Research

1. Purpose

This policy sets out the principles, scope, permitted uses, limitations, and governance framework for the use of Artificial Intelligence (AI) tools in research activities conducted by Taurus Securities Limited (the “Firm”), a sell-side brokerage firm licensed and regulated by the Securities and Exchange Commission of Pakistan (SECP).

The objective is to ensure that AI tools are used responsibly, ethically, and in full compliance with:

- The Securities Act, 2015
- The Securities Brokers (Licensing and Operations) Regulations, 2016
- The Research Analyst Regulations, 2015 as amended by S.R.O. 7(I)/2026
- Code of Conduct for Brokers and Agents
- SECP regulations, circulars, and guidelines relating to research, market abuse, and investor protection

This policy also preserves the integrity, independence, and accountability of TSL’s research output.

2. Scope

This policy applies to:

- All research personnel, including equity, fixed income, macroeconomic, and sector analysts
- Research management and supervisory staff, including the Head of Research
- Any third-party contractors, consultants, or vendors engaged in research-related activities

The policy covers all forms of AI and machine-learning-based tools, whether internally developed or provided by third parties.

3. Definition of AI Tools

For the purposes of this policy, AI tools include, but are not limited to:

- Generative AI models (e.g., large language models used for drafting, summarization, or translation)
- Data analytics and machine learning models for pattern recognition or forecasting
- Natural language processing (NLP) tools for sentiment analysis, document review, or information extraction

- Automation tools assisting with data processing, charting, or visualization

4. Guiding Principles

4.1 Human Accountability

- AI tools are assistive. All research outputs remain the responsibility of the assigned analyst(s) and must be reviewed, validated, and approved by a qualified human professional prior to publication or dissemination.
- The Head of Research is responsible for ensuring AI usage adheres to SECP regulations, internal policies, and professional standards.

4.2 Research Independence and Integrity

- AI tools must not compromise the objectivity or professional judgment of research.
- Analysts must ensure that conclusions and recommendations are independently verified and supported by appropriate analysis.

4.3 Transparency and Disclosure

- Where AI tools materially contribute to research, such use must be internally documented.
- External disclosures regarding AI use shall be made as required under Annexure-III of the Research Analyst Regulations, 2015, including in research reports and public appearances.

4.4 Compliance and Confidentiality

- AI usage must comply with all applicable Pakistani securities laws and SECP regulations.
- Analysts must ensure AI use does not result in breaches of confidentiality, misuse of information, or violations of fiduciary duties.

5. Permitted Uses of AI

AI tools may be used for:

5.1 Data Collection and Processing

- Aggregation and cleaning of publicly available datasets
- Structuring unstructured public information (e.g., filings, earnings transcripts, news)

5.2 Research Assistance

- Summarization of public disclosures, research reports, and market commentary
- Language translation and grammar refinement

- Generation of preliminary outlines or analytical frameworks

5.3 Quantitative and Analytical Support

- Statistical analysis, pattern recognition, scenario analysis, and stress testing with analyst validation
- Visualization of data and trends

5.4 Operational Efficiency

- Automation of repetitive, non-judgmental tasks
- Drafting standard tables, charts, or non-substantive sections under analyst supervision

5.5 Third-Party / White-Label AI

- Any AI-generated content from third-party vendors or white-label providers must comply with SECP disclosure requirements, including conflict of interest and human validation.
- TSL publishing such research remains fully responsible for accuracy, compliance, and disclosures.

6. Prohibited and Restricted Uses

AI tools must not be used to:

- Generate or publish investment recommendations, ratings, target prices, or valuation conclusions without analyst review and approval
- Input confidential or material non-public information into AI systems
- Circumvent SECP compliance, internal approval processes, or research sign-off procedures
- Engage in activities that could contribute to market manipulation or misleading research

7. Data Governance and Security

- Only approved AI tools may be used for research
- Analysts must not upload proprietary models, unpublished research, or sensitive internal data into unapproved systems
- Retention of AI-assisted research inputs, outputs, and validation documentation must comply with TSL's record-keeping policy and SECP Regulation 11 (minimum 5 years)

8. Review, Validation, and Supervision

- All AI-assisted research content must be reviewed and approved by the responsible analyst and, where applicable, a research supervisor

- Supervisors and the Head of Research are responsible for consistent application of this policy and SECP compliance

9. Documentation and Audit Trail

- Material use of AI must be documented internally, including:
 - Nature of the AI tool
 - Purpose of use
 - Extent of reliance on AI
- Documentation shall support internal audits, regulatory reviews, or compliance inquiries

10. Public Appearances

- AI-generated material used in public appearances must be reviewed and verified by the analyst
- Disclosures related to AI use must be included in line with Annexure-III
- Analysts must ensure that AI does not create misleading statements or misrepresentations

11. Training and Awareness

- Research staff will receive periodic training on acceptable AI use, limitations, and risks
- Policy updates and emerging regulatory guidance will be communicated promptly

12. Breaches and Disciplinary Action

- Any breach of this policy may result in disciplinary action, up to regulatory reporting to SECP
- Violations may expose individuals and TSL to sanctions, fines, or suspension

13. Policy Review

- This policy will be reviewed at least annually, or sooner if required due to regulatory developments, technological changes, or business needs