



NOTICE

ALL MEMBERS

Reproduced hereunder the contents of a letter No. SMD/SE 2(20)/2002 dated March 4, 2004 received from Securities & Exchange Commission of Pakistan for information of all members of the Exchange.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
(Securities Market Division)
NIC Building, Jinnah Avenue, Blue Area, Islamabad

SMD/SE 2(20)/2002

March 4, 2005

1. Mr. Moin Fudda,
Managing Director,
Karachi Stock Exchange (G) Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi

2. Mr. Aftab A. Chaudhree,
Managing Director,
Islamabad Stock Exchange (G) Limited,
Fazal-ul-Haq Road
Blue Area,
Islamabad

3. Mr. Hamid Mustahsin Imtiaz,
Managing Director,
Lahore Stock Exchange (G) Limited,
LSE Building,
19-Khyaban-e-Aiwan-e-Iqbal,
Lahore

4. Mr. Mohammad Hanif Jakhura,
Chief Executive Officer NCC,
Central Depository Company of Pakistan,
Stock Exchange Building,
Stock Exchange Road,
Karachi

5. Mr. Mohammad Hanif Jakhura,
Chief Executive Officer CDC,
Central Depository Company of Pakistan,
Stock Exchange Building,
Stock Exchange Road,
Karachi

Subject: **DIRECTIVE ON RISK MANAGEMENT MEASURES AT STOCK EXCHANGES UNDER SECTION 34(4) OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969**

Dear Sirs,

The Commission has reviewed the existing risk management framework at the stock exchanges in view of the recent market developments. In this regard, the Commission has discussed this matter with the stock exchanges and various market participants from time to time. Pursuant to these discussions a number of the risk management measures have been identified for further strengthening of the risk management regime.

2. Therefore, in the public interest, for protection of investors and to preserve market integrity, the Commission considers it expedient under section 34(4) of the Securities and Exchange Ordinance, 1969, to direct the stock exchanges to implement the following risk management measures within the stipulated time period as detailed below: