



## **NOTICE FOR ALL MEMBERS**

The Board considered the management proposals on SECP letter No. SMD/SE 2(20)/2002 dated March 04, 2005, in its meeting held March 17, 2005 and considered that presently margins against exposures & losses are collected smoothly and efficiently. In consideration of the SECP directives/guidelines the Board decided as under:

### **1. Profit distribution up to 30% in Futures Market:**

It has been decided that with effect from April 04, 2005 (April 2005 Contract), the weekly profit distribution should be reduced from 30% to 20% and no netting, whatsoever, shall be allowed from retained profits, till final settlement of the Contract. The Board will reconsider revision of this percentage, after three months or earlier, if needed.

### **2. Position Limits for Futures Market:**

It has been decided that exposure of a Member, at any point in time, in a single scrip, in a Futures Contract should not exceed 10% of the Free-Float of such scrip, calculated based on Free-Float Methodology, annexed to this Notice. This decision will be implemented from May 2005 Contract.

### **3. Netting should not be allowed in Ready & Futures Market for the purpose of Capital Adequacy:**

The Board considered that the matter needs discussion with the SECP, as there would be no potential risk due to netting of between Ready & Futures Markets, for the purpose of calculating Capital Adequacy.

### **4. Pre-trade Margin Verification:**

In view of delivery of hardware in late April 2005 and further time required for its installation and configuration, the Board decided to request the SECP to extend the date of implementation of Pre-trade Verification Mechanism up to May 15, 2005. The Board advised the management to arrange training for Members & their representatives, prior to implementation.