



NOTICE FOR ALL MEMBERS

Further to our Notice No. KSE/N-1790 dated March 17, 2005, the SECP advised further risk management measures, vide its letter No. SMD/SE 2(20)/2002 dated March 30, 2005 (Copy attached with this Notice).

The Board discussed these measures in its emergent Board Meeting held on March 31, 2005. On the advice of the SECP, the Board of Directors of all the three Stock Exchanges met the Chairman & other officials of the SECP in Islamabad today and decided as under:

1. Position Limits for Futures Market:

The earlier decision that member's exposure in Futures Contract in a scrip, should not exceed 10% of the Free-Float of such scrip, is withdrawn. The new decision in this respect is, such exposure shall not exceed 1% of the Free-Float or the number of shares (whichever is higher), being determined by a slab. Such slab will be developed by the Exchange, while considering the price factor and Free-Float of every scrip available in Futures Market. This measure will be implemented from May 2005 Futures Contract. The Brokers, in the similar manner, shall also impose exposure limits on each of their client.

2. Netting should not be allowed in Ready & Futures Market for the purpose of Capital Adequacy.

From April 04, 2005, for the purpose of calculation of Capital Adequacy, netting shall not be allowed between the Exposures of Ready & Futures Market.

3. Collection of Loss Margin in Futures Market on Hourly Basis.

It is decided that mark-to-market losses, of the members having exposures of more than 200 million, in the Futures Market, shall be collected twice in a day. This measure will be implemented from May 2005 Futures Contract.

4. Percentage of initial margin in Ready Market should be collected in Cash.

It is decided that 33.33% (one-third) margins against exposure and mark-to-market losses in Ready Market, should be collected in cash from June 2005. Moreover, the Exchange shall pay return to the members on all cash margins and a proposal in this respect be placed before the Board in May, 2005.