



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN  
(Securities Market Division)

NIC Building, Jinnah Avenue, Blue Area, Islamabad

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SMD/SE/2(32)/2001

April 29, 2005

Secretary to the Board of Directors,  
The Karachi Stock Exchange (G) Ltd  
Through its Managing Director  
Mr. Moin Fudda  
Stock Exchange Building  
Stock Exchange Road  
Karachi  
Fax: (021) 2442099

Dear Sir,

This is with reference to the Karachi Stock Exchange's (KSE) letter no.KSE/SECP-3982 dated April 27, 2005 requesting that certain decisions of the Board of Directors of the KSE on risk management for the futures market as contained in its Notice dated April 21, 2005 be re-considered.

2. In this regard, we would like to draw your attention to the meeting of the Commission with the Board of Directors of the three exchanges held on April 1, 2005 wherein the implementation of certain measures to strengthen the risk management framework at the exchanges including the risk mitigating measures for the futures market were considered and adopted unanimously after detailed deliberations. Consequently, the said risk management measures regarding the futures market were once again discussed in detail and agreed to in the meeting held on April 21, 2005 at Karachi with the Commissioner (SM) and the Committee constituted by the Board of Directors of the KSE. Further, it appears that all the members of the Committee constituted by the Board of the KSE as provided in the aforesaid letter were present in the meeting held on April 21, 2005 wherein the risk management measures were discussed and unanimously agreed upon.

3. It is disturbing to note that the settled issues that have been discussed and decided upon are re-opened for discussion by the KSE. Further, the KSE's request for the re-