



## **NOTICE FOR ALL MEMBERS**

Reproduced hereunder contents of Press Release dated June 01, 2005 issued jointly by Securities & Exchange Commission of Pakistan and Stock Exchanges, for information of members of the Exchange.

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### **PRESS RELEASE**

Islamabad, June 01, 2005. The Board of Directors of Karachi, Lahore and Islamabad Stock Exchanges met Dr. Tariq Hassan, Chairman, SECP and Mr. Shahid Ghaffar, Commissioner, SECP in Islamabad on Wednesday, June 01, 2005 to review the risk management issues. According to a press release jointly issued by SECP and the three Exchanges, the meeting had threadbare discussions on the issues, mindful of the larger interest of the capital market, took the following decisions.

- (1) The position limit in future trading has been enhanced from 1% to 3% in each scrip by each member based on free float.
- (2) The 3% limit may be enhanced to 5% on the implementation of pre-trade verification system at the Karachi Stock Exchange by July 2005.
- (3) The requirement of 100% cash margin in case of exposure exceeding Rs.200 million has been reduced to 50% cash margin and 50% margin in eligible securities in the futures market or bank guarantee from a scheduled bank acceptable to the Exchange.
- (4) Existing futures contracts based on deliverables will be allowed for trading until September 2005. These contracts will be standardized. In the event of any settlement problem in the deliverable futures contracts the principle of hammer price shall be followed to settle the outstanding trades.
- (5) With effect from October 2005 the Stock Exchanges will introduce standardized contracts for 30, 60 and 90 days on cash settlement basis.
- (6) Client code shall be indicated in all trades by the members of the Exchanges.