



## NOTICE FOR ALL MEMBERS

Further to Notice KSE/N - 4109 dated July 14, 2005, which was duly circulated, reproduced hereunder a copy of Fax dated July 14, 2005 received from the Securities & Exchange Commission of Pakistan, for information of members of the Exchange.

FROM :

TO :

Jul. 15 2005 12:35AM P1

Securities and Exchange Commission of Pakistan  
(Securities Market Division)

No.SMD/SE/2(58)2002

14<sup>th</sup> July 2005

The Board of Directors,  
The Karachi Stock Exchange (Guarantee) Ltd.,  
Through its Managing Director,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

Subject: Suspension of COT Phase out and Capping of the COT financing

Dear Sirs,

We are in receipt of the notice dated 14<sup>th</sup> July 2005 issued by the Board of the Karachi Stock Exchange to all its members in respect of its emergent meeting held earlier today.

2. We note with concern that, in the course of this meeting, which even otherwise was not warranted in the circumstances, the Board unilaterally, improperly with mala fide intention and without lawful authority took decisions in respect of COT financing which are arbitrary, unjustified and in gross violation of the directives issued by the Commission from time to time, specifically:

- (a) the directive No. 13/SEC/SMD/2003 dated 24<sup>th</sup> October 2003 in terms of which the KSE was specifically directed not to amend the list of shares eligible for COT financing without the prior approval of the Commission;
- (b) the directive No. SMD/SE/2(72)2003 dated 3<sup>rd</sup> September 2004 which prescribed a time bound action plan for the phase out of COT financing, in pursuance of which the number of scrips eligible for COT financing was reduced to 7; and
- (c) the directive No. SMD/MSW/1(7)2004 dated 9<sup>th</sup> July 2005 which specifically directed the Karachi Stock Exchange to cap the COT financing at Rs. 12 billion and to allow it only in the 7 scrips named therein.