

**THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**

**KSE/N-4592**

**N O T I C E**

**July 25, 2006**

Reproduced hereunder text of letter No. SMD/SE/2(130)/2006 dated July 25, 2006 received today from **SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**, for information of members of the Exchange.

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**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**  
(Securities Market Division)  
NIC Building, Jinnah Avenue, Blue Area, Islamabad

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SMD/SE/2(130)/2006

July 25, 2006

Mr. M.A Lodhi  
Managing Director  
Karachi Stock Exchange (G) Limited  
Karachi

Mr. Humid M. Imtiaz  
Managing Director  
Lahore Stock Exchange (G) Limited  
Lahore

Mr. Aftab Chaudhree  
Managing Director  
Islamabad Stock Exchange (G) Limited  
Islamabad

**Sub: Continuous Funding System (CFS)**

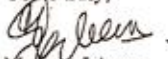
Dear Sirs,

As you are aware that Continuous Funding System (CFS) was introduced as an interim measure to replace COT/budla financing in order to enhance the level of liquidity in the market while alternative modes of leverage financing were being developed.---

In this regard, the Securities and Exchange Commission of Pakistan (SECP) studied in detail the current CFS system and identified several risks and inequalities therein. Accordingly, in order to facilitate transparent and efficient financing for the market, the Commission proposed CFS MK II which will adequately cover market risks associated with the current CFS system.

'Till such time that necessary procedures / modalities are developed for CFS Mk II, I am directed to communicate that SECP has decided to extend the date of CFS review till August 31, 2006.

Yours truly,

  
Musarat Jabeen  
Joint Director (SE)