



NOTICE FOR ALL MEMBERS

Subject: Eligibility Criteria of Scrips for CFS MK II & Deliverable Futures Market (DFM)

All members are hereby informed that SECP has announced the implementation of CFS Mk-II Funding System to be launched by NCCPL from April 07, 2008. Further the Commission has approved the following criteria for eligible scrips for CFS Mk-II & Deliverable Futures Market (DFM):

Eligibility Criteria for Category A scrips eligible in CFS MK-II & Deliverable Futures Markets (DFM):

1. Companies that have average daily impact Cost of less than 1%, based on daily Impact Cost on an order size of Rs. 500,000, during the review period.
2. Companies that have traded on more than 90% of the trading days during the review period.
3. Companies having average daily turnover of more than 250,000 shares during the review period.
4. Companies that have market price above par in at least 50% days of the review period.
5. Companies that have free float of more than 20% of issued capital or 45 Million free float shares.
6. Operating profit before tax in each of the last two years of operations.
7. Newly listed companies that have free float capitalization of above Rs. 1 billion.
8. Securities of Mutual Funds and Brokerage Houses shall not be eligible.
9. Companies that do not have negative opinion in Auditor's report on the Companies Financial Statements (last audited report).
10. Companies that are not subject to any investigation by any regulatory body.
11. Companies not on the defaulter counter and have no pending inquiry against them by the authorities.

List of Companies qualified for category "A" on the basis of above mentioned criteria is attached as annexure "A".

The securities in above mentioned category i-e (annexure A) shall be part of Deliverable future market with effect from April, 2008 contracts.

Further, for sake of market breadth and to extend the market to as many scrips as possible, the SECP has also approved less stringent criteria for companies to be included in the CFS Mk-II eligible list as category "B", with reduced position limits. Details of the criteria for category "B" are as follows: