NCCPL/CM/FEBRUARY-17/06
February 09, 2017

Approved Amendments in NCCPL Regulations

Dear Clearing Members,

In continuation to our circular NCCPL/CM/JANUARY-17/18 dated January 25, 2017 regarding public comments on the proposed changes in the NCCPL Regulations pertaining to the 10% Increase in VaR Margins and Haircuts for Ready & Deliverable Futures Market ("DFM") and improvement in the prevailing risk management regime implemented for DFM and restricting Margin Eligible Securities ("MES") in the DFM to only those securities that are eligible for trading in the DFM.

In this respect, all Clearing Members (CMs) are hereby informed that the Securities and Exchange Commission of Pakistan ("SECP") has accorded its approval to the proposed amendments in the NCCPL Regulations and approved Regulations are attached as follows for your information:

- **10% Increase in VaR Margins and Haircuts for Ready and Deliverable Futures Contract Market (Annexure-I)**

- **In relation to improvement in the prevailing risk management regime implemented for Deliverable Future Market (Annexure-II)**

Accordingly, above regulations and revised list of 33 MES based on the approved criteria for the selection of MES in the DFM, attached as **Annexure-III** will be acceptable as collateral by the Company with effect from **Thursday, March 9, 2017**.

Clearing Members are hereby advised to update your collateral deposited with the Company in terms of new MES before **Thursday, March 9, 2017**, as the Company shall not accept/value any ineligible securities on or after the effective date.

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National Clearing Company of Pakistan Limited

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

For any further queries or concerns, please feel free to contact the Customer Support Services of your respective locations.

City	Telephone Number	UAN Number	Fax Number
Karachi	021-32460811-19 Ext. 209, 214, 217, 218 & 224 Dir. 021-32438531-32-33	**021-111-111-622**	021-32462825
Lahore	042-36280815-7		042-36280818
Islamabad	051-2895460-62		051-2895463

Regards,

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Rehan Saif
Head of PD & CSS

Approved Amendments in "NCCPL Regulations, 2015"

Annexure - I

Approved Changes

12.5.2 VAR BASED MARGINS:

(d) The Exposure margins for each security in Ready Delivery Contract Market, SLB Market, MT Market and Deliverable Futures Contracts Market shall be calculated by the Company applying VaR Estimates calculated by the Risk Meter at the end of each Trade Date. **Provided that VaR Estimates shall be increased by a factor of 1.1 to determine the Exposure margins for each security in Ready Delivery Contract Market and Deliverable Futures Contracts Market. Such increased factor of VaR Estimates shall remain applicable until review of VaR margins by the Company and its implementation with the prior approval of the Commission.**

Schedule-III

MARGIN ELIGIBLE SECURITIES

1.4 Admissibility

All Margin Eligible Securities selected on the basis as per aforementioned criteria will be acceptable against margins for market segments provided under Schedule II of this Chapter.

1. Haircut percentage

The following haircuts will be applicable on the Margin Eligible Securities selected based on above criteria:

VaR based Margin Bucket	Haircut applicable on daily closing rate in the Ready Market
00.00% to < 12.50%	15.00%
12.50% to < 15.00%	17.50%
15.00% to < 20.00%	22.50%
20.00% to < 25.00%	27.50%
25.00% to < 30.00%	32.50%
30.00% to < 40.00%	42.50%
Greater than 40%	60.00%

*The Haircuts specified in sub Regulation 1.1 (b) and (f) of Schedule III shall be applied in addition to the Haircut rates specified in the above table.

****Haircut rates specified in the above table shall be increased by a factor 1.1 on the Margin Eligible Securities acceptable against margins for Ready Delivery Contract Market and Deliverable Futures Contracts Market segments provided under Schedule II of this Chapter. Such increased factor of Haircut rates shall remain applicable until review of Haircuts by the Company and its implementation with the prior approval of the Commission.**

Annexure - II

Schedule-II

FORM OF EXPOSURE MARGINS, MTM LOSSES, SPECIAL MARGINS, CONCENTRATION MARGINS, LIQUIDITY MARGINS AND ADDITIONAL MARGINS DEPOSITS

<table>
<tr><th>SR NO.</th><th>MARKET</th><th>EXPOSURE MARGINS</th><th>MTM LOSSES</th><th>SPECIAL MARGIN</th><th>CONCENTRA TION MARGINS</th><th>LIQUIDITY MARGINS</th><th>ADDITIONAL MARGINS</th></tr>
<tr><td>1</td><td>Ready Delivery Contract Market</td><td rowspan="2">100% in Cash and/or Margin Eligible Securities and/or Bank Guarantee and/ or Irrevocable Undertaking and/or T-Bills provided by the respective Clearing Member</td><td rowspan="2">100% in Cash and/or Margin Eligible Security and/or bank guarantee and/ or Irrevocable Undertaking</td><td rowspan="2">Not Applicable</td><td rowspan="2">Not Applicable</td><td rowspan="2">100% in Cash and /or Margin Eligible Securities and/or Bank Guarantee</td><td>Not Applicable</td></tr>
<tr><td>2</td><td>Leveraged Buys financed through MT Market</td><td>100% in Cash and /or Margin Eligible Securities and/or Bank Guarantee and/ or Irrevocable Undertaking and/or T-Bills provided by the respective Clearing Member</td></tr>
<tr><td>3</td><td>Futures Trading in Provisionally Listed Companies Market</td><td>100% in Cash and/or bank guarantee and/ or Irrevocable Undertaking</td><td>100% in Cash</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>4</td><td>**Deliverable Futures Market</td><td>Minimum 50% in Cash and/or Bank Guarantee and/ or Irrevocable Undertaking and 50% in securities eligible for trading in Deliverable Future Market or Cash/ Bank Guarantee</td><td>100% in CashBank Guarantee***</td><td>Not Applicable</td><td>100% in Cash and/or bank guarantee and/ or Irrevocable Undertaking</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>5</td><td>Cash-Settled Futures Market</td><td>100% in Cash and/or Bank Guarantee</td><td>100% in Cash</td><td>Not Applicable</td><td>100% in cash and/or Bank Guarantee</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>6</td><td>Stock Index Futures Contracts Market</td><td>100% in Cash and/or Bank Guarantee</td><td>100% in Cash</td><td>100% in Cash and/or Bank Guarantee</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>7</td><td>Index Option Market</td><td>100% in Cash and/or Bank Guarantee</td><td>100% in Cash</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>8</td><td>SLB Market</td><td>100% in Cash and/or Margin Eligible Securities and/or Bank Guarantee and/ or Irrevocable</td><td>100% in Cash</td><td>100% in Cash and/or Bank Guarantee and/or T-Bills provided by the respective SLB</td><td>Not applicable</td><td>Not applicable</td><td>Not applicable</td></tr>
</table>

		Undertaking and/or Treasury Bills ("T-Bills") provided by the respective SLB Participant		Participants			
9	Debt Market	100% in Cash and/or Bank Guarantee and/ or Irrevocable Undertaking by the respective Clearing Member	100% in Cash and/or Bank Guarantee and/ or Irrevocable Undertaking provided by the respective Clearing Member	Not applicable	Not applicable	Not applicable	Not applicable

Note: 1. In Deliverable Futures Market, in case where Exposure is due to sale of a particular security by a UIN, 50% net-sold position of such security can be deposited by the same UIN to meet full Exposure Margin requirements.

2. The Company shall allow return to Clearing Member on the cash amount deposited with the Company as Exposure Margin, MtM Losses and other margins, if applicable, at the rate paid by the respective banks opted by the Clearing Member after retaining 1% as service charges by the Company.

3. Irrevocable Undertaking shall be acceptable collateral from Non-Broker Clearing Member and Non-Broker Trading Financier

* All Margins and MtM Losses for Leveraged Buys executed through special function key by the Broker Clearing Members and committed to be financed through MT Market will be collected by the Company as applicable in Ready Delivery Contract Market till settlement on T+2. Subsequent to that FPR, MtM Losses and any other margins on relevant MT Transactions shall be collected by Company only in cash in accordance with these Regulations. MT Eligible Securities, as notified by the Company from time to time, are acceptable to the Company for the purpose of MT (R) transaction Margins to be collected from Financee only, except Marked-to-Market Losses.

** Only Securities which are declared eligible for trading in the Deliverable Future Contracts Market, as notified by the Pakistan Stock Exchange from time to time, are acceptable as collateral to the Company for the purpose of Exposure Margin. Provided that Margin Eligible Securities shall be excluded from Exposure Margin after giving at least 30 days prior notice to the Clearing Members.

*** Bank Guarantee against MTM losses in DFM shall only be acceptable from NBCM.

National Clearing Company of Pakistan Limited

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

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Annexure - III

Revised List of Margin Eligible Securities Acceptable as Collateral in DFM

Review Period: From July 1, 2016 to December 31, 2016

Sr. #	Symbol Code	Name
1	AKBL	ASKARI BANK LIMITED
2	ATRL	ATTOCK REFINERY LIMITED
3	BAFL	BANK ALFALAH LIMITED
4	BOP	THE BANK OF PUNJAB
5	DGKC	D.G. KHAN CEMENT COMPANY LIMITED
6	EFERT	ENGRO FERTILIZERS LIMITED
7	EFOODS	ENGRO FOODS LIMITED
8	ENGRO	ENGRO CORPORATION LIMITED
9	FABL	FAYSAL BANK LIMITED
10	FATIMA	FATIMA FERTILIZER COMPANY LIMITED
11	FCCL	FAUJI CEMENT COMPANY LIMITED
12	FFBL	FAUJI FERTILIZER BIN QASIM LIMITED
13	FFC	FAUJI FERTILIZER COMPANY LIMITED
14	HBL	HABIB BANK LIMITED
15	HUBC	THE HUB POWER COMPANY LIMITED
16	ISL	INTERNATIONAL STEELS LIMITED
17	KAPCO	KOT ADDU POWER COMPANY LIMITED
18	KEL	K-ELECTRIC LIMITED
19	MCB	MCB BANK LIMITED
20	MLCF	MAPLE LEAF CEMENT FACTORY LIMITED
21	NBP	NATIONAL BANK OF PAKISTAN
22	NCL	NISHAT (CHUNIAN) LIMITED
23	NML	NISHAT MILLS LIMITED
24	OGDC	OIL & GAS DEVELOPMENT COMPANY LIMITED
25	PAEL	PAK ELEKTRON LIMITED
26	POWER	POWER CEMENT LIMITED
27	PSO	PAKISTAN STATE OIL COMPANY LIMITED
28	PTC	PAKISTAN TELECOMMUNICATION COMPANY LTD
29	QUICE	QUICE FOOD INDUSTRIES LIMITED
30	TPL	TPL TRAKKER LIMITED
31	TREET	TREET CORPORATION LIMITED
32	TRG	TRG PAKISTAN LIMITED - CLASS - (A)
33	UBL	UNITED BANK LIMITED