



NOTICE FOR ALL MEMBERS

**AUTO MOVEMENT OF CFS BLOCKED SHARES FOR
DETERMINING CORPORATE ACTIONS IN FAVOR OF FINANCEES**

Members' attention is hereby invited towards captioned subject. It has been observed that despite our repeated notifications to all Members, certain number of automated movement of CFS blocked shares in favor of Financees have been reported as failed by CDC on every corporate actions due to non-compliance of the following mandatory pre-requisites by the Members:

- A broker must open CDS Sub-Accounts/House Account(s) with correct UINs under their CDS Participant Account for all of his clients or proprietary account if they are availing CFS financing in the CFS market.
- A broker must open CDS Sub-Accounts/House Account with correct UINs under their CFS Financier CDS Account for all of his clients or proprietary account if they are providing CFS financing in the CFS market.
- A broker must maintain one CFS Financier CDS Account for each Stock Exchange.
- A broker must ensure intra-account movement of blocked CFS financed shares into respective Sub / House Account of financee clients / proprietary business.
- A broker as financier must release pledge on CFS Blocked shares from the Exchange or NCCPL prior to the start of the Book Closure Period.

In order to minimize the occurrence of such non-compliance on Members' part and consequently to avoid inconvenience to the Investors as Financees, the Board of Directors of the Exchange in its meeting held on April 30, 2008 has decided to impose penalty on non-compliant brokers either they are Financiers or Financees, at:

1.00% of on-Price of CFS blocked shares which will be failed for movement for determining Corporate Action in favor of financees or Rs. 100,000/- (Rupees one hundred thousand only), whichever is lower.

The above penalty shall be applicable on every Corporate Actions determined on the basis of Book Closure Dates starting from Monday, May 05, 2008.

All Members are requested to note the same.


SHAFIQAT ALI

General Manager Risk

- CC to:**
01. The Director (SMD), Securities & Exchange Commission of Pakistan
 02. The Managing Director, Lahore Stock Exchange (Guarantee) Limited
 03. The Managing Director, Islamabad Stock Exchange (Guarantee) Limited
 04. The Chief Executive, National Clearing Company of Pakistan Limited
 05. The General Manager, Operations-KSE
 06. The General Manager, IT Division-KSE
 07. DGM Market Control & Surveillance Department-KSE
 08. DGM Clearing & Settlement Department-KSE
 09. Notice Board
 10. KSE Website