

Reproduced hereunder letter dated September 22, 2008 received from **CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED** for information of members of the Exchange.



CIRCULAR

To: All CDS Account Holders/Participants

CC: Chairman, Securities and Exchange Commission of Pakistan
Joint Director (SMD-South), Securities and Exchange Commission of Pakistan
Managing Director, The Karachi Stock Exchange (Guarantee) Limited
Managing Director, Lahore Stock Exchange (Guarantee) Limited
Managing Director, Islamabad Stock Exchange (Guarantee) Limited

From: Kamran Qazi
CFO & Company Secretary

Date: Karachi, September 22, 2008

Subject: SECP DIRECTIVE WITH REGARDS TO TRANSFER OF BOOK-ENTRY SECURITIES

Dear Account Holders/Participants,

In exercise of its powers under Rule 7 of the Central Depository Companies (Establishment and Regulation) Rules, 1996 read with Section 20(6)(g) of the Securities and Exchange Commission of Pakistan Act, 1997 (Act No. XLII of 1997), the Securities and Exchange Commission of Pakistan has directed CDC to advise all Account Holders/Participants to ensure compliance of following measures with regards to the transfer of Book-entry Securities in the Central Depository System:

That effective immediately:

1. Transfer of Book-entry Securities shall be allowed only against market-based transactions i.e. transactions settled through the National Clearing Company of Pakistan Limited and off-market transactions reported to the Stock Exchanges;
2. Transfer of Book-entry Securities shall be allowed for lending and borrowing transactions till the implementation of Securities Lending and Borrowing Mechanism. All borrowing transactions shall be strictly against underlying market sale transactions and proper documentation evidencing the borrowing or lending shall be kept by broker clearly showing the transacting parties together with their signatures. A copy shall be given to CDC (clearly marked to the Chief Internal Auditor in a sealed envelop) on the date of transaction;
3. Transfer of Book-entry Securities by way of a gift shall be allowed amongst family members only which include the spouse, children, father, mother, brother or sister and any lineal ascendant or descendant. All such transactions shall be properly documented and kept in record by the Account Holders with copy to CDC (clearly