



THE KARACHI STOCK EXCHANGE (GUARANTEE) LTD.

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KSE/N- 6973

October 27, 2008

NOTICE FOR ALL MEMBERS

Obligation of Members to collect margins from their clients

Please refer to the Karachi Stock Exchange Regulations Governing **Risk Management** as per the Clause 8.4 of these Regulations (reproduced below for ready reference) it is the obligation of every Trading Members to collect the required margins from all their clients.

"8.4 Obligation of Members to collect margins from their clients:

It shall be obligatory upon the Members trading/taking exposure in any Market under these Regulations to take margins from their respective clients in accordance with the rates as prescribed by the Exchange based on VaR Estimates and/or mentioned under the relevant regulations of the relevant market, if any. Such prescribed margins shall be the minimum margins that must be taken by the Member from their respective clients while trading/taking exposure on behalf of such client."

It has been observed with great concern that certain Members in some cases are not collecting the prescribed requisite margins from their clients and as such they are not fully compliant of the said regulation. This non-collection of margins from the clients presents an un-warranted burden on the total capital adequacy of the members and thus adds to the systemic risk of the market.

In view of the above, Members are here by advised once again to ensure full collection of mandatory requisite margins from all their clients while executing trades on their behalf.

The Exchange shall ensure strict compliance of this requirement through appropriate procedures including but not limited to system audit, random audit, spot checks and inspection of Members' back office records related with clients' margins.

JUNAID MIRZA

Deputy General Manager

Market Control & Surveillance Department

- Copy to:**
01. The Commissioner (SM), Securities & Exchange Commission of Pakistan, Islamabad
 02. The Managing Director, Lahore Stock Exchange (Guarantee) Limited
 03. The Managing Director, Islamabad Stock Exchange (Guarantee) Limited
 04. The Chief Executive, Central Depository Company of Pakistan Limited
 05. The Chief Executive, National Clearing Company of Pakistan Limited
 06. The Chief Executive, National Commodity Exchange Limited
 07. The General Manager, I. T. Division-KSE
 08. The General Manager, Operations
 09. The General Manager, Risk Management
 10. Notice Board for all Members and Staff Members