



## THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan

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KSE/ N-8245

Dated: December 31, 2008

### NOTICE FOR ALL MEMBERS

### EXPRESSION OF INTEREST

### FROM MEMBER CFS MK-II FINANCEES FOR FINANCIAL ASSISTANCE

Pursuant to the agreements by NCCPL with KSE Member Financees and Authorized Financiers (AF) with respect to the settlement of CFS MK-II positions as on December 24, 2008 and in view of the prevailing extraordinary circumstances resulting in acute shortage of liquidity in the market, the Board of Directors of the Exchange has decided to invite Expression of Interest (EOI) for providing one-time financial assistance from the Member-Financees out of KSE's own funds for payment of their final losses at NCCPL for CFS MK-II-Released positions, pertaining to said agreement with NCCPL (read with any other correspondence in that respect) on following terms and conditions.

1. The Member voluntarily opting the "Squaring-Up Scheme" of NCCPL against his/its outstanding CFS MK-II position will only be eligible to avail subject financial assistance.
2. The Exchange may provide funds to the extent of Rs. 50 million or actual final loss, whichever is less, directly to NCCPL on behalf of the Member in respect of final loss in CFS MK-II market repayable to the Exchange within the maximum period of 6 months.
3. In case the actual final loss requirement is higher than Rs.50 million, the Member shall first pay any amount over and above the said Rs.50 million from his/its own sources and thereafter shall be entitled to the funds committed by the Exchange under Agreement to be executed between the Exchange and the concerned Member.
4. The Member shall execute a prescribed Agreement with the Exchange undertaking to repay to Exchange the amount of financial assistance provided by the Exchange, within six months from the date of payment by the Exchange to NCCPL on his/its behalf. However, the Member will have the option to repay such amount earlier.
5. The individual Member shall provide his personal guarantee as per the format attached herewith as **Annexure 'B'**. In case of Corporate Membership, personal guarantees of two Directors, including the Nominee Director and another Director having majority shareholding in the company, shall be provided to the Exchange for faithful discharge of obligations undertaken by the Member under the agreement.
6. The amount paid by the Exchange to NCCPL on behalf of Member in pursuance of above-referred agreement will carry mark-up rate of 6 months' KIBOR+2% per annum prevailing on the date of agreement from the date of payment till actual date of repayment thereof. The mark-up accrued on daily basis up to the last date of each month will be paid by the Member by fifth day of the following month. Non-payment of mark-up on the due date will attract penal action as may be determined by the Exchange, including but not limited to suspension of membership.



7. The Member shall not carry-out any trading in any market of the Exchange, except in Ready Market on T+2 basis up to the maximum exposure amount of Rs.25 million, so long as any amount of final losses remains payable by the Member to the Exchange as per the terms of this agreement.
8. The Member, so long as any amount remains repayable by him/it under the above-referred agreement, shall not exercise his/its right of nomination or change the shareholding of the company. The Member shall affirm in the above-referred agreement that he/it has not created any third party interest in his/its Membership Card and shall not create any such right.
9. On Member's failure to repay outstanding amount (principal plus mark-up) within the stipulated time, the Exchange shall be at liberty to expel the Member and thereupon his/its membership card and other Assets including but not limited to office(s) within the premises of Exchange and securities held by the Exchange as margin against exposure shall vest in the Exchange. The Exchange, in such situation, may dispose-off the membership card and other assets in such manner as it deems expedient. Notwithstanding anything contained in the Members' Default Management Regulations, the Exchange shall have the first right to satisfy its claim under the above-referred agreement out of the proceeds of Member's assets in respect of payments made by it to NCCPL in respect of final losses of CFS MK-II (R) transactions. Further, the Exchange shall also have the first right to satisfy its claim in case the Member is declared a Defaulter for failure to meet his/its financial obligations under normal course and as per the Regulations of NCCPL or the Exchange.
10. The Exchange shall enter into an agreement with NCCPL whereby NCCPL shall agree and acknowledge the right of Exchange to satisfy its claim under this Agreement out of the proceeds of Member's assets in case of his/its default.
11. The Member shall undertake in the above-referred agreement that he/it will withdraw all litigations pending in the Court in this matter, and shall not initiate any future litigation in this regard. In case of any pending litigation, the Member shall provide certified copy of Court's Order evidencing withdrawal of case(s) before availing financial assistance. Further, in case of default, the Member shall neither create any legal hindrance nor obtain any sort of court's order restraining disposal of his/its membership card/seat by the Exchange.
12. In case the competent authority/court declares the disbursement of funds by the Exchange to NCCPL in pursuance of the above-referred agreement as illegal and of no effect, the Member shall undertake to repay forthwith the amount so paid along with the accrued mark-up to the Exchange and further indemnify and keep indemnified the Exchange against all losses, claims, proceedings, actions, damages etc. as may be incurred or suffered by the Exchange arising out of disbursing fund to NCCPL on Member's request.
13. All Member Directors of KSE Board are not eligible to avail this facility whether in individual capacity or in their capacity as a Director of a Brokerage House
14. The Exchange may vary or modify or prescribe additional terms and conditions of the financial facility at any time at its discretion.



The Members desiring to avail this financial facility may kindly review the above-mentioned terms and condition and apply on their letter-head to Operations Department of KSE, (**Attention: Mr. Abbas Mirza, Deputy General Manager-Operations**) not later than **3:00 P.M. on Thursday, January 01, 2009**. Any interests received after the deadline will not be entertained. On acceptance of their application by the Exchange, the concerned Member will have to provide the following documents:

- I. Duly filled, signed and stamped agreement (as per the Form attached as **Annexure 'A'** herewith) on non-judicial stamp paper of Rs. 50/-.
- II. Board's Resolution in case of Corporate Brokerage House authorizing to avail this financial assistance from KSE and execution of necessary documents by authorized persons named in the Resolution in this regard on behalf of the company duly certified by the Company Secretary or in his absence the Nominee Director.
- III. Personal guarantee(s) of individual Member and in case of Corporate Member, personal guarantees of two Directors, including Nominee Director and another Director having majority shareholding in the company, as per the Form attached herewith as **Annexure 'B'** on non-judicial stamp paper of Rs. 50/-.
- IV. Attested photocopy of CNIC of individual Member/Directors as the case may be.
- V. Certified copy of Court Order evidencing withdrawal of legal case, if applicable.



**HAROON ASKARI**

General Manager-Operations

Copy to:

KSE Website  
Notice Board  
Managing Director-KSE  
I.T. Division-KSE  
HR & Administration  
Law & Corporate Affairs Department  
Trading & Members Affairs Department  
Delivery & Settlement Department  
Company Affairs Department

Customer Services & Investors' Relations Department  
Finance & Accounts Department  
Market Control & Surveillance Department  
Public Relations Department  
Securities & Exchange Commission of Pakistan  
Central Depository Company of Pakistan Limited  
National Clearing Company of Pakistan Limited  
Lahore Stock Exchange (Guarantee) Limited  
Islamabad Stock Exchange (Guarantee) Limited



AGREEMENT

THIS AGREEMENT is made at Karachi on this \_\_\_\_ day of \_\_\_\_\_, 200\_

BETWEEN

KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED, a Company incorporated under the Companies Ordinance, 1984, having its registered office at Stock Exchange Building, Stock Exchange Road, Karachi, (hereinafter referred to as the "EXCHANGE", which term wherever the context so requires means and includes its successors in interest and assigns)

AND

Mr./M/s. \_\_\_\_\_, an individual/Company incorporated under the Companies Ordinance, 1984, having his/its office at \_\_\_\_\_, Karachi (hereinafter referred to as the "MEMBER", which term wherever the context so requires means and includes his/its legal heirs, executors, administrators, successors in interest and assigns)

WHEREAS the Exchange has been authorized under the law to carry out functions of a registered Stock Exchange and the Member is an individual/corporate brokerage house of the Exchange.

AND WHEREAS pursuant to the agreements by NCCPL with KSE Member Finances and Authorized Financiers (AF) with respect to the settlement of CFS MK-II positions as on December 24, 2008 and in view of the prevailing extraordinary circumstances resulting in acute shortage of liquidity in the market, the Board of Directors of the Exchange has decided to invite Expression of Interest (EOI) for providing one-time financial assistance to the Member-Finances out of KSE's own funds for payment of their final losses at NCCPL for CFS MK-II-Released positions directly to NCCPL to the extent of Rs.50 million or actual final losses, whichever are less.

AND WHEREAS the said Member has requested the Exchange to provide funds of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) To NCCPL to fulfill his/its financial obligations in relation to final losses in settlement of CFS MK-II (R) position of the Member.

IN CONSIDERATION of agreeing to provide such funds to NCCPL at the request of Member in terms of this agreement, the parties hereto agree and undertake as under:

1. The Member will voluntarily opt for the Squaring-Up Scheme of NCCPL against his/its outstanding CFS MK-II position.



2. That the Exchange shall provide funds of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) directly to NCCPL on behalf of the Member in respect of final losses in CFS MK-II market for a maximum period of six months.
3. That in case the actual final losses requirement is higher than Rs.50 million, the Member shall first pay any amount over and above the said Rs.50 million from his/its own sources and thereafter shall be entitled to the funds committed by the Exchange under this Agreement.
4. That the Member undertakes to repay to Exchange the amount of financial assistance provided by the Exchange, within six months from the date of payment by the Exchange to NCCPL on his/its behalf. However, the Member will have the option to repay such amount earlier.
5. That in case of individual membership, the Member shall provide his personal guarantee. In case of Corporate Membership, personal guarantees of two Directors, including the Nominee Director and another Director having majority shareholding in the company, shall be provided to the Exchange for faithful discharge of obligations undertaken by the Corporate Brokerage House under the agreement.
6. That the amount paid by the Exchange to NCCPL on behalf of Member in pursuance of above-referred agreement will carry mark-up rate of 6 months' KIBOR prevailing on the date of agreement + 2% per annum from the date of payment till actual date of repayment thereof. The mark-up accrued on daily basis up to the last date of each month will be paid by the Member by fifth day of the following month. Non-payment of mark-up on the due date will attract penal action as may be determined by the Exchange, including but not limited to suspension of membership.
7. That the Member shall not carry-out any trading in any market of the Exchange, except in Ready Market on T+2 basis up to the maximum exposure amount of Rs.25 million, so long as any amount of final losses remains payable by the Member to the Exchange as per the terms of this agreement.
8. The Member, so long as any amount remains repayable by him/it under the above-referred agreement, shall not exercise his/its right of nomination or change the shareholding of the company. The Member shall affirm in the above-referred agreement that he/it has not created any third party interest in his/its Membership Card and shall not create any such right.



9. That on Member' s failure to repay outstanding amount (principal plus mark-up) within the stipulated time, the Exchange shall be at liberty to expel the Member and thereupon his/its membership card and other Assets including but not limited to office(s) within the premises of Exchange and securities held by the Exchange as margin against exposure shall vest in the Exchange. The Exchange, in such situation, may dispose-off the membership card and other Assets including but not limited to office(s) within the premises of Exchange and securities held by the Exchange as margin against exposure in such manner as it deems expedient. Notwithstanding anything contained in the Members' Default Management Regulations, the Exchange shall have the first right to satisfy its claim under this agreement out of the proceeds of Member' s assets in respect of payments made by it to NCCPL in respect of final losses of CFS MK-II (R) transactions. Further, the Exchange shall also have the first right to satisfy its claim in case the Member is declared a Defaulter for failure to meet his/its financial obligations under normal course and as per the Regulations of NCCPL or the Exchange.
10. That the Exchange has/shall enter into an agreement with NCCPL whereby NCCPL shall agree and acknowledge the right of Exchange to satisfy its claim under this Agreement out of the proceeds of Member' s assets in case of his/its default.
11. The Member undertakes that he/it will withdraw all litigations pending in the Court in this matter, and shall not initiate any future litigation in this regard. In case of any pending litigation, the Member shall provide certified copy of Court' s Order evidencing withdrawal of case(s) before availing financial assistance. Further, in case of default, the Member shall neither create any legal hindrance nor obtain any sort of court' s order restraining disposal of his/its membership card/seat by the Exchange.
12. In case the competent authority/court declares the disbursement of funds by the Exchange to NCCPL in pursuance of this agreement as illegal and of no effect, the Member hereby do undertake to repay forthwith the amount so paid along with the accrued markup to the Exchange and further indemnifies and keep indemnified the Exchange against all losses, claims, proceedings, actions, damages etc. as may be incurred or suffered by the Exchange arising out of disbursing fund to NCCPL on Member' s request.
13. The Exchange may vary or modify or prescribe additional terms and conditions of the financial facility at any time at its discretion.

IN WITNESS WHEREOF the parties hereto have signed this agreement on the day and year mentioned above in the presence of following witnesses.

\_\_\_\_\_  
For and on behalf of Karachi Stock Exchange (Guarantee) Limited

\_\_\_\_\_  
For and on behalf of Member

WITNESSES:

1. \_\_\_\_\_

2. \_\_\_\_\_



GUARANTEE

Karachi Stock Exchange (Guarantee) Limited  
 Stock Exchange Building  
 Stock Exchange Road  
KARACHI

Dear Sirs,

Whereas at our request Karachi Stock Exchange (Guarantee) Limited ( "KSE" ) has granted and/or agreed to grant to M/s. \_\_\_\_\_, Corporate Member-KSE (hereinafter referred to as the "Principal Debtor" which expression shall where the context so requires include its successors-in-interest, assigns and liquidators) a financial facility of upto an aggregate amount of Rs. \_\_\_\_\_ ( \_\_\_\_\_ ) and in that connection have entered into an Agreement dated \_\_\_\_\_ with the Principal Debtor.

Now, therefore, we, Mr. \_\_\_\_\_ S/o \_\_\_\_\_, resident of \_\_\_\_\_ and Mr. \_\_\_\_\_ S/o \_\_\_\_\_, resident of \_\_\_\_\_ (hereinafter referred to as the "Guarantors" ), which expression shall, wherever the context so requires, include our heirs, administrators, assigns and successors-in-interest) do hereby irrevocably and unconditionally agree, undertake and guarantee the due payment and discharge of all the liabilities of the Principal Debtor to KSE within three (3) days of the receipt of demand made by KSE, whether incurred before or after the date hereof, and whether incurred by the Principal Debtor alone or jointly with others, and in whatever capacity whether as Principal Debtor or sureties or otherwise and whether such liabilities have matured or not, and whether they are absolute or contingent, including all liabilities, damages, mark-up, etc., and in respect of all costs, charges and expenses which KSE may incur in paying, legal or other professional charges or other outgoings, for the due payment and discharge of the Principal Debtor liability to KSE.

1. That the liability under this Guarantee is limited to the payment Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) together with the amounts specified above and under clause ten (10) below (hereinafter referred to as the "monies due to KSE" ).
2. That this Guarantee is to be considered as joint and several.



3. That this Guarantee shall remain valid and cover any and all transactions which may be undertaken by the Principal Debtor even after a change in the constitution of the Principal Debtor and shall not be revoked as to future transactions from the date of any change in the constitution of the Principal Debtor.
4. This Guarantee shall be a continuing security binding the Guarantor for the purpose of securing (subject to the limit specified above) all or any monies due to KSE from time to time notwithstanding any payments made from time to time to KSE or any settlement of account or any other thing whatsoever.
5. Notwithstanding the discontinuance by KSE or any release or granting of time or indulgence to the Principal Debtor, this Guarantee is to remain a continuing Guarantee, if discontinued by receipt of notice of discontinuance by KSE, this Guarantee shall nevertheless continue to be available (subject to the aforesaid limit of total amount) for all monies due to KSE.
6. The Guarantor hereby confirms and declares that notwithstanding anything herein contained, the Guarantor has agreed with KSE that although as between the Principal Debtor and him, the Guarantor is to be considered as surety only for the Principal Debtor yet as between KSE and the Guarantor, the Guarantor is to be considered as Principal Debtor to KSE in respect of all monies due to KSE, so that the Guarantor shall not be discharged or exonerated (a) by any variance, made without the Guarantor's consent in the terms of any contract or transaction between KSE and the Principal Debtor or (b) by any contract between KSE and the Principal Debtor by which the Principal Debtor be released, or (c) by any act or omission by KSE the legal consequence of which may be the discharge of the Principal Debtor or (d) by KSE making a composition with, or promising to give time to or not to sue the Principal Debtor without the Guarantor previous assent thereto or (e) by any other act, omission, dealings or arrangements between the Principal Debtor and KSE whereby the Guarantor as surety for the Principal Debtor would have been discharged or exonerated.
7. All dividends, compositions and payments received from any person or persons in respect of the liabilities guaranteed hereunder are to be treated as payments in gross, and KSE may marshall, apply and appropriate all securities and funds at any time have in respect of monies due to KSE, as KSE may think fit so as to confer on KSE the most benefit and the Guarantor is not to have any right to participate except to the extent of the surplus remaining after satisfaction of the monies due to KSE.



8. KSE is not to be concerned to see or inquire into the powers of the Principal Debtor and Guarantor or any persons or agents acting or purporting to act on their behalf and any finances obtained from KSE or guaranteed to KSE in professed exercise of such powers shall be deemed to form part of the monies due to KSE, even though the obtaining and guaranteeing of such finances be in excess of the powers of the Principal Debtor and Guarantor, or of any persons or agents aforesaid, or may be in any way irregular or defective or informal.
9. A certificate in writing under the hand of the manager or other officer employed by KSE stating the amount at any particular time due and payable to KSE under this Guarantee shall be conclusive evidence and the Guarantor shall be obliged to make payment of the same to KSE.
10. If KSE call upon the Guarantor or any one of them demanding payment of the monies due to KSE and the Guarantor (or the party called upon) fails to make payment within three (3) days of receiving the demand, the Guarantor (or the party called upon) shall also become liable to KSE and in addition to the sum demanded shall pay to KSE by way of liquidated damages and agreed reasonable compensation, a sum calculated at twenty percent (20%) percent p.a. of the sum demanded from the time of such default until the time of the payment in full thereof together with all costs and expenses incurred by KSE in effecting recovery. The Guarantor's liability under this clause is in addition to and not restricted by the maximum liability set forth hereinabove.
11. As to the Guarantor any notice by way of request, demand or otherwise hereunder may be served on them or their agents by sending the same through the post in an envelope addressed to their last known address and a notice so sent shall be deemed to be served on the day following that on which it is posted. A certificate signed by an officer employed by KSE shall be conclusive evidence that the notice was so sent. If for any reason the Guarantor cannot be given such notice the same if inserted once as an advertisement in a newspaper circulating in Karachi shall be deemed to have been effectually given and received on the day on which such advertisement appears.
12. This Guarantee is in addition to and shall not merge with or otherwise prejudice or affect any other right, remedy guarantee, indemnity or security and may be enforced notwithstanding the same or any other bill, note, mortgage charge, pledge, lien now or hereafter held or available to KSE.



13. The Guarantor hereby agree that KSE may at any time without notice after an event of default of in making demand notwithstanding any settlement of account or other matter whatsoever, combine or consolidates all or any then existing accounts in the Guarantor' s name or jointly with others, and set-off or transfer any sum standing to the credit of any one or more of such accounts in or towards satisfaction of any obligations of liabilities to KSE of the Guarantors whether such liabilities be present, future, certain, contingent, primary, collateral, several or joint.
14. The Guarantor undertakes that the obligations of the Guarantor under this Guarantee will rank at all times at least pari passu with all its other existing and future indebtedness, obligations and liabilities, certain or contingent, from time to time.
15. In the above conditions the singular includes the plural, and vice-versa.
16. The Guarantor waive all defence and suretyship or other rights at any time inconsistent with any of the terms hereof. In witness whereof we have executed this Guarantee on the \_\_\_\_ day of \_\_\_\_\_, 2009.

WITNESSES:-

1. \_\_\_\_\_

2. \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_