



THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-4426

August 24, 2009

NOTICE

Further to our Notice No.4403 dated August 21, 2009 regarding **List of Margin Eligible Securities Acceptable as Collateral for all markets**. Please be informed that the name of the company of ABL in serial number (01) was mistakenly typed as "Pak Telecommunication Company" which may be corrected as "Allied Bank Limited".

Moreover, reproduced hereunder the letter No. SMD/SE/2(141)2008 dated August 20, 2009 received from Securities & Exchange Commission of Pakistan regarding **Margin Eligible Securities** for information of all concerned,



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (Securities Market Division)

No. SMD/SE/2(141)2008

August 20, 2009

Mr. Adnan Afridi
Managing Director
Karachi Stock Exchange (Guarantee) Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: Margin Eligible Securities

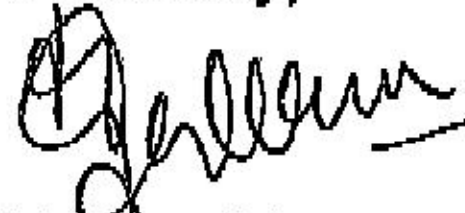
Dear Sir,

This is with reference to the Karachi Stock Exchange's (KSE) email dated July 22, 2009, approval for which was accorded by the Securities and Exchange Commission of Pakistan (SECP) vide letter No. SMD-South/KSE(1998)/2009 dated August 03, 2009 and KSE's subsequent email of August 13, 2009 whereby relaxation has been sought for continuing with the existing list of 84 Margin Eligible Securities as acceptable collateral for the Ready Market exposure till next review period

The SECP has reviewed the Exchange's proposal as contained in its email of August 13, 2009. However, we are of the opinion that reliance by commercial banks on the list of margin eligible securities adopted by KSE is mainly because of the stringent eligibility criteria prescribed in the Risk Management Regulations. If KSE continues with the securities that do not fulfill the subject criteria, the same will not present a transparent and true picture with regard to the volatility and liquidity of the scrips that were supposed to be excluded from the list. It must also be noted that the subject list is not mandatorily applicable on commercial banks, which take their own decision with regards to the acceptability of a particular security as collateral.

In view of the above, KSE is advised to adopt the new list of margin eligible securities (copy enclosed for ready reference) with effect from September 21, 2009 and give advance notice to the market participants for ensuring smooth transition. Further, KSE is also advised to ensure that the next review is conducted on the basis of relevant data from July 01, 2009 to December 31, 2009 and the revised list of margin eligible securities is disseminated not later than January 15, 2010 by giving a fifteen days notice for its implementation.

Yours truly,


Musarat Jabeen
Director (SE)

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Cc: Managing Directors, Lahore Stock Exchange and Islamabad Stock Exchange for adoption of margin eligible securities that are listed on their respective stock exchanges.