



NOTICE FOR ALL MEMBERS

UINs LEVEL MARGINING SYSTEM

The Exchange is pleased to announce that effective from October 1, 2009, **UINs (Client) Level Margining System** will be operational on Post-Trade basis for the Ready Market. The ultimate objective of the new system is to introduce an efficient risk mitigating measure by changing the existing margining regime from Member-Level to the **UINs' Level**, whereby the related UINs (clients or proprietary account) will be allowed to trade in the Ready Market subject to availability of Collateral (Margins/MtM losses) pledged through their Sub or House accounts maintained under respective Member's Participant Account in Central Depository System (CDS).

The new regime will be implemented on Post-Trade basis whereby at the end of Trading Day, UIN-wise Margin Requirements against Exposure Margins and MtM Losses shall be determined on the basis of Collateral available in terms of Margin Eligible Securities pledged through the Clients' Sub-Accounts or Member's House Account maintained under respective Member's Participant Account. On next trading day, Member will not be allowed take further Exposures on account of Short Margined UINs.

By default Cash and Bank Guarantees deposited with the Exchange by the Member will be utilized towards Margin Requirements against Exposures Margins and MtM Losses of Member's proprietary account. However, a Member may give the Exchange an **UNDERTAKING** for authorizing it to utilize his excess Collateral in terms of Margin Eligible Securities pledged through his House Account or in term of Cash and Bank Guarantees or both for meeting Margins Deficits in his Clients' Accounts in proportionate to their Margin Shortfalls.

Salient features and detailed operational mechanics of the new regime will be placed on KSE website for guidance and ready reference purposes.

Considering a paradigm shift from existing Member Level Margining system to UINs Level Margin Regime, the Exchange will provide the Members a new Exposure Demand Report determined on UINs Level Margin System through a new [URL:www.NCHS.com.pk/test](http://www.NCHS.com.pk/test) for facilitating them cope with new system by its implementation date.

Furthermore, a brief presentation for Members and their Senior Staff on functioning of UINs Level Margining System will be held at the Exchange Auditorium on **September 1, 2009 at 3:00 p.m.** However, a series of the same presentation for the Senior and operational staff of the members will be scheduled and announced subsequently.

All members are requested to note that **UINs (Client) Level Margining System** will be effective from October 1, 2009.


SHARFAT ALI

General Manager-Risk Management

Copy to:

01. The Director (SMD), Securities & Exchange Commission of Pakistan
02. The Managing Director, Karachi Stock Exchange (Guarantee) Limited
03. The Managing Director, Lahore Stock Exchange (Guarantee) Limited
04. The Managing Director, Islamabad Stock Exchange (Guarantee) Limited
05. The Chief Executive, National Clearing Company of Pakistan Limited
06. The General Manager, (I.T. Division, Operations, Law)-KSE
07. Deputy General Manager (MC&SD, C&SD)
08. Notice Board
09. KSE Website