



NOTICE FOR ALL MEMBERS

CLIENT LEVEL MARGINING SYSTEM

Further to our Notice No.KSE/N-4451 dated August 25, 2009 on the subject.

Members are hereby informed that the Client Level Margining System will be live w.e.f. Thursday, October 1, 2009, whereby at the end of each trading day, UINs-wise Margin Requirements against their Exposures and MtM Losses shall be determined based on Collateral (Margin Eligible Securities) pledged through their respective Sub Accounts maintained under the CDC Participant Accounts of the respective Members.

Similarly, Margin Requirements against Exposure and MtM Losses on Proprietary Accounts of the Member will be determined based on the Collateral, i.e., Margin Eligible Securities pledged through House Account of the Members and/or Cash/Bank Guarantees deposited with the Exchange. However, any excess collateral over and above the Margin Requirement on Proprietary Account of the Member may be authorized to cover margin shortfall of his all clients.

In order to smooth transition and to facilitate the Members to acclimatize with the new margining system, all the related Reports, Margin Release Form and Demand Notices in respect of New Margining Regime will be available to all Members for their information purposes only from Thursday, October 01, 2009, however, Members will be required to replace or pledge the Client (UIN) Level Margins latest by Saturday, October 3, 2009 and from Monday, October 5, 2009 onward, Members will not be allowed to take further Exposure on account of short margined UINs.

All members are requested to note the same.

SHAFIQAT 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, IT Division-KSE
07. DGM Market Control & Surveillance Department-KSE
08. DGM Clearing & Settlement Department-KSE
09. Notice Board
10. KSE Website