



NOTICE FOR ALL MEMBERS

PRE-SETTLEMENT DELIVERY FOR DELIVERABLE FUTURES CONTRACT MARKET

The Exchange is pleased to announce that effective from Monday October 5, 2009, Pre-Settlement Delivery mechanism will be operational in Deliverable Futures Contract Market. Under the said mechanism, in case where a UIN is a net seller in scrip and tender the said delivery through the pledge group Id in designated pledge account Id. B-00119 to the Exchange during the contract period, than the related exposure up to the extent of net sale will be dropped. The detail functionality of the mechanism is given below:

- a. After marking the delivery as Pre-Settlement Delivery, the Exchange will drop the exposure and will not generate any demand for any margin and MtM losses.
- b. The memorandum of loss record along with profit adjustment shall be maintained, loss of respective UIN in the pledged delivery shall be recorded until final settlement of the contract or in case of square up and same shall be called/demanded by the member.
- c. If any UIN/member Square its net sale position, than the delivery marked for pre-settlement shall be released with the proportion of the net buy position and all margins will continue to be charged along with generating demand for accrued MtM Losses.
- d. If the UIN/member again takes net sale position and mark the delivery for pre-settlement, than the same shall be treated accordingly.
- e. The present netting regime of MtM loss & Profit shall be the same.

The said mechanism/facility will provide a liquidity ease in terms of outstanding sale exposure(s) under all Securities eligible in Deliverable Futures Contract Market. The related operational mechanics/procedure for pre settlement delivery is enclosed herewith for the guidance and ready reference purposes.

All members are requested to note the same.

FAISAL IQBAL

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