

**THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**

Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan
Phones: 2425502-3-4, Fax (021) 241-0825

KSE/N-5169**October 2, 2009****NOTICE FOR ALL MEMBERS****CLIENT LEVEL MARGINING SYSTEM**

Further to our Notice No.KSE/N-5078 dated September 29, 2009 on the subject.

Members are hereby informed that the Client Level Margining System is 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 Accounts of the Member may be authorized to Exchange to cover margin shortfall of their clients.

We are pleased to inform you that the first phase of transition to this regime is complete. However, to further facilitate market participants and back-office vendors the management has decided to affect blockage of clients (UINs) with effect from Monday, October 12, 2009 instead of Monday, October 05, 2009. However, all the related Reports, Margin Release Form and Demand Notices in respect of New Margining Regime will be available to all Members for their reconciliation and updation in their back-offices.

All members are requested to note the same.


SHAFQAT 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, Central Depository Company of Pakistan Limited
06. The Chief Executive, National Clearing Company of Pakistan Limited
07. The General Manager, I.T. Division-KSE
08. The General Manager, (Operations)-KSE
09. DGM Market Control & Surveillance Department-KSE
10. DGM Clearing & Settlement Department-KSE
11. Notice Board
12. KSE Website