

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**KSE/N-5570****N O T I C E****October 12, 2009**

Reproduced hereunder letter received from CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED for information of members of the Exchange.

(Copy of the same is also available on our Website www.kse.com.pk).

**CIRCULAR**

To: All CDS Account Holders/Participants

CC: Commissioner, Securities and Exchange Commission of Pakistan
Executive Director (SMD), Securities and Exchange Commission of Pakistan
Managing Director, The Karachi Stock Exchange (Guarantee) Limited
Managing Director, Lahore Stock Exchange (Guarantee) Limited
Managing Director, Islamabad Stock Exchange (Guarantee) Limited

From: Kamran Qazi
CFO & Company Secretary

Date: Karachi, October 9, 2009

Subject: Circular - Conditions Attached to the Underlying Securities Transactions

Dear Account Holders/Participants,

For the purposes of Regulation 9.1.1 read with Regulation 9.6 of the CDC Regulations dealing with Intra Account Delivery Transactions and Inter Account Delivery Transactions ("Transactions") respectively, CDC is pleased to notify as to the conditions attached to the underlying securities transactions on the basis of which such Transactions are transmitted to the CDC which are required to be fulfilled by the Account Holders/Participants as a regulatory requirements at the time of execution of such securities transactions in the following manner:

1. Regulation 9.1.1 (i) pertains to lending and borrowing of securities where the Account Holder/Participant is required to ensure that:
 - a. Such securities transaction is undertaken strictly against any underlying market sale transactions;
 - b. Proper documentation in the form of a contract shall be kept by the Account Holder/Participant clearly showing the transacting parties together with their signatures; and
 - c. A copy of such document (where the signatures of both the parties are verified by the Account Holder/Participant under his signature and stamp) together with evidence of underlying market sale transaction shall be provided by the Account Holder/Participant to CDC (in a sealed envelop clearly marked to the Chief Internal Auditor) under a covering letter within one working day of such transaction.