

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-6692

NOTICE

December 07, 2010

Reproduced hereunder Circular No. NCCPL/CM/DECEMBER-10/03 dated December 07, 2010 received from NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED, for information of all concerned.

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



NCCPL/CM/December-10/03
December 07, 2010

Mandatory Execution of Broker-to-Broker Transaction (BTB) for All Inter-Exchange Trades
(Ref: Automation of Securities Settlement)

Dear Clearing Members,

This is in continuation of NCCPL's earlier circulars NCCPL/CM/November-10/06 dated November 26, 2010 and NCCPL/CM/November-10/07 dated November 29, 2010 regarding Tagging of UINs with relevant CDS Accounts and Mock Sessions for the implementation of Automation of Securities Settlement.

In this respect, it has already been informed to all market participants, on various occasions and during detailed joint presentations given by NCCPL, CDC and Stock Exchanges on the business understanding and modus operandi that, with the implementation of said functionality of Automation of Securities Settlement, execution of BTB Transaction in NCSS will be mandatory for all Inter-exchange Trades between brokers of different stock exchanges.

Accordingly, in order to provide facilitation to Broker Clearing Members ("BCM") in the execution of said BTB Transactions, real time Auto-Initiation facility, on all NCSS eligible securities, on trades executed on all Inter Exchange UINs (Proprietary and Client) has already been made available effective from June 28, 2010 (please refer our circular NCCPL/CM/June-10/02 dated June 25, 2010).

For your ready reference, mechanism to be followed for all Inter-exchange Trades after the implementation of said Automation of Securities Settlement is as follows:

- Once the requesting BCM affirms the Auto-Initiated BTB Transaction, a Balance Order ("BO") will be generated for the respective CDS Accounts (Proprietary and Client) of such affirming BCM;
- If the affirming BCM Rejects or leave Un-affirm such Auto-Initiated BTB Transaction, the BO will be generated for the Main Account of the counter executing BCM.
- These Rejected/ Un-affirmed transactions can subsequently be dealt in CDS with using the "Failed trade" Reason code.

[Handwritten Signature]