



THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED
Stock Exchange Building, Stock Exchange Road, Karachi-74000
Phones: 111 001 122, Fax (021) 241-0825

KSE/N-1780

April 1, 2011

NOTICE FOR ALL MEMBERS

USE OF LEVERAGE PRODUCTS BY MARKET PARTICIPANTS

Members of the Exchange are hereby informed that the Securities & Exchange Commission of Pakistan [SECP], vide their letter no. Misc/MSW/SMD/1(5)2004/1345 dated March 29, 2011, highlighted the fact that basic essence of introducing Margin Financing & Margin Trading products in the stock market is to enhance liquidity, transparency & providing level playing field for all investors / clients, thereby discouraging outlawed practices like in-house financing which is discriminating and if practiced it brings greater market risk.

In view of the above the Commission strongly advised all members to refrain from indulging in the outlawed practice of in-house financing and recommend that while extending / arranging financing to the clients / investors only use approved products as provided under the Securities (Leveraged Markets and Pledging) Rules, 2011 and applicable law.

Members are advised to ensure compliance with the Rules.

SHAFQAT ALI
General Manager
Risk Management, Market Control & Surveillance

Copy to:

01. All Members, KSE
02. The Director (SROD), SMD, SECP, Fax 051-9218595, E-mail: smd.notice@secp.gov.pk
03. The Acting Managing Director, Karachi Stock Exchange (Guarantee) Limited
04. The Managing Director, Lahore Stock Exchange (Guarantee) Limited
05. The Managing Director, Islamabad Stock Exchange (Guarantee) Limited
06. The Chief Executive, Central Depository Company of Pakistan Limited
07. The Chief Executive, National Clearing Company of Pakistan Limited
08. Heads of IT Division & Operations-KSE
09. Notice Board
10. KSE Website