

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**KSE/N-3670****N O T I C E****July 11, 2011**

Reproduced hereunder joint Press Release Issued by Karachi Stock Exchange and Securities Commission of Pakistan dated July 10, 2011, for information of all concerned.

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

Joint Press Release issued by Karachi Stock Exchange & Securities & Exchange Commission of Pakistan

Karachi July 10, 2011: A meeting was held here today between the Securities and Exchange Commission of Pakistan (SECP) and the Karachi Stock Exchange (KSE) to discuss the prevailing market situation and possible measures to be taken to address issues faced by the market in particular persistent low trading volumes and lack of retail participation.

The meeting was chaired by the Chairman SECP and attended by Chairman and member directors KSE Board, senior management of the Exchange and SECP, and senior market participants.

The meeting discussed various developmental areas including KSE's proposal for amendments in Deliverable Futures Market (DFM) and Margin Trading System (MTS).

The measures agreed for the Deliverable Futures Contract market include the following:

1. Initial Margins to be collected 50% in eligible Securities and 50% in cash.
2. Mandatory Basic Deposit requirement to take part in DFM shall be withdrawn.
3. A voluntary "Roll-over Facility" shall be allowed for DFM via a special window to be devised and provided by the Exchange for the purpose showing the rate of interest at which the transaction is offered to be rolled over.
4. All other specification of the DFM contracts including collection of mark to market losses to be collected in cash shall remain as per existing Rules and Regulations.

In relation to MTS, the SECP consented to look into the possibility of allowing individual investors to take part in the MTS market as financiers. Also it was agreed that the FPR (Finanee Participation Ratio) ratio shall be reviewed for accepting about 10% eligible securities within the overall 25% cash requirement while keeping the collection of mark to market margins in 100% cash.

Further, in order to encourage and enhance the trading activity in various market segments it was agreed to review the existing list of eligible securities in the MTS, DFM, and Margin Financing with a view to increase the number of eligible securities to help increase the daily trading volume with wider participation from all particularly by retail investors.

The Chairman SECP reassured the participants that the apex regulator will continue to work in close coordination with the Exchanges and play a facilitators role for the development of capital markets and enhancing investors' confidence. He emphasized upon the Exchange to take concrete measures for educating the investors particularly retail investors here and abroad by organizing the Road-Shows, Conferences and Seminars.

The chairman KSE while thanking the Chairman SECP for taking this initiative and his keen interest in resolving Capital market issues said that Karachi Stock Exchange on its part will also do whatever is needed for reaching out to investors and resolving all pending issues, so that they are willing to invest and participate vigorously in the market.