



Karachi Stock Exchange (Guarantee) Limited

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NOTICE FOR ALL MEMBERS

LAUNCH OF STOCK INDEX FUTURES CONTRACTS ON SECTOR INDICES

Karachi Stock Exchange is pleased to announce the launch of Stock Index Futures Contracts on Tradable Sector Indices from the Month of January 2012 in the following sectors.

Tradable Sector Name	Number of Stocks	% of Entire Sector Free Float	Composition of Tradable Benchmark
OIL & GAS	4	89%	OGDC, POL, PSO, & PPL
BANKING	7	82%	MCB, NBP, UBL, HBL, BAFL BAHL, & ABL

Sector Index Futures offer opportunities to investors wishing to gain exposure in specific sectors without actually buying each share in that sector. Such investors can use SIFC on Sector Indices to take positions in an entire sector which can be purchased and sold easily and inexpensively.

SIFC CONTRACTS on tradable benchmark indices are agreements to buy or sell a standardized value of a tradable sector index thereby allowing investors to track the performance of a basket of securities in a given benchmark index. The mark-to-market losses are collected/paid daily, with cash settlement @ Rs. 5/= per index point movement and concluded on maturity (without delivery requirement).

BASKET ORDER WINDOW is also being made available in KATS to facilitate efficient hedging mechanism for small investors, high net worth individuals and financial institutions. The Basket Order window shall allow investors to place multiple market orders in ready market with same time-priority through a single mouse click for all stocks within a tradable sector index. Once an order set is placed, the basket window will show the execution status for each line item in the basket.

Now with the reduced lot size of 1, it is now more practicable than ever for small investors to gain exposure of leading Oil & Gas stocks starting from a cumulative value of Rs. 50,000/= by paying 12.5% margin (i.e. minimum Rs. 6,500/=). Moreover, basket stocks may be bought in the smallest denomination of 1 stock each which can be hedged by selling a similar index futures contract.

In order to facilitate a better understanding of the said product, the management has arranged a series of awareness presentations for all market participants which shall encompass introduction to tradable sector indices, their trading, their working, naming conventions and the Risk Management regime.