



THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED
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KSE/N-6535

December 16, 2011

NOTICE FOR ALL MEMBERS

REGULARITY AND GENUINENESS OF DOCUMENTS (PHYSICAL SHARES)

All Members are hereby informed that it is the responsibility of buying member to check the genuineness of physical shares at the time of accepting delivery. Rule 26 of Rules for Ready Delivery Contracts of the Exchange, relating to the replacement of fake shares are reproduced below for your ready reference.

Clause No.26 of Rules for Ready Delivery Contracts

26. DOCUMENTS AND REGISTRATION:

Regularity and Genuineness of Documents:

- a) *A member who has received payment against delivery of necessary documents, either on his own account or on behalf of his constituent, shall be personally responsible to the member to whom the same are delivered for their title, regularity and genuineness.*

PROVIDED THAT the documents are lodged with the company for registration by or on behalf of the purchaser or any subsequent purchaser within two years from the date of the receipt of such documents, or if the books of the company are closed earlier for any entitlement then, up to said period of book closure. If within the said period of two years, or within two months after the date of the book closure for the purpose of entitlement, the company returns the shares either with or without objections or refuses to register any transfer for any reason whatsoever the selling member shall on receipt of a notice, which shall be served not later than one month, from the date of refusal, from the buying member whether of return of the shares or refusal of registration, as the case may be, replace the shares within seven days of the receipt of such notice. If the documents are not lodged within the prescribed period of two years or upto the closure of transfer books, if closed earlier for the purpose of any entitlement, then except in case of fraud or bad faith on the part of the selling member or of his constituent the liability of the selling member to both the buying member and the constituent as also the liability of the buying member to his constituent, shall cease in all respects.

PROVIDED FURTHER THAT the liability of a member who has delivered shares in case of those companies which have been declared eligible securities for the Central Depository System (CDS) by the Central Depository Company of Pakistan Limited (CDCPL), shall be upto 12 months from the date of notification of this amendments or from the date the shares have been declared to be eligible securities except in the case of fraud or bad faith on the part of the selling member or his constituent.