



THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED
Stock Exchange Building, Stock Exchange Road, Karachi-74000
Phones: 2425502-3-4, Fax (021) 241-0825

KSE/N-146

January 11, 2012

NOTICE FOR ALL MEMBERS

AMENDMENTS IN REGULATIONS FOR SHORT SELLING UNDER READY MARKET, 2002

We are pleased to notify that in addition to existing clauses (a) & (b) of regulation 3. (**SHORT SELLING**) of the Regulations for Short Selling under Ready Market, 2002 ("the Regulations") the Board of Directors of the Exchange, with prior approval of the Commission, has agreed to add further two sub-clauses (c) & (d) in the said regulation, which will allow the market participants to execute their Short Sale Orders without any **Price Check** (Uptick or Zero tick) through **Sale Order Window** executed through **F8-Key** **subject to terms and conditions mentioned in these new clauses**. However, all Short Sale Orders executed through **F8-Key** in the Short Sale Eligible Securities, notified by the Exchange from time to time, can be placed based on prior borrowed transactions in the short sold securities through Securities Lending and Borrowing (SLB) system available at NCCPL's portal.

We hereby reproduce the amended regulation 3 of said Regulations for understanding of all concerned. However updated version of the complete Regulations is available on KSE website: www.kse.com.pk:

3. SHORT SELLING

- (a) Short Sale under Ready Market shall take place through the Karachi Automated Trading System (KATS).
- (b) Short Sale will only be permissible on Uptick or Zero-Plus Tick.
- (c) *Notwithstanding anything mentioned in sub-clause (b) above, Short Sale shall be allowed without Up-tick or Zero-Plus Tick up to the following extent:*
 - i. **UIN-Wide Position:** *A UIN will be allowed to make short sale to the maximum extent of 2% of Average Daily Turnover of the respective security of previous one month.*
 - ii. **Member-Wide Position:** *A Member for his all UINs including its Clients' Positions will be allowed to make Short Sale to the maximum extent of 4% of Average Daily Turnover of the respective security of previous one month.*
 - iii. **Market-Wide Position:** *All Members on cumulative basis will be allowed to make Short Sale to the maximum extent of 40% of Average Daily Turnover of the respective security of previous one month".*
- (d) *Provided that the exemptions mentioned in sub-clause (c) above shall not be available in the following cases:*
 - *when the price of a security declines up to 2.5% from the closing price of the previous day, the exemptions shall not be available for the remainder of the day;*