



**THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**  
 Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan  
 Phones: 111-001-122, Fax (021) 32462640

KSE/N-241

January 20, 2012

## NOTICE FOR ALL MEMBERS

### LIST OF MARGIN ELIGIBLE SECURITIES ACCEPTABLE AS COLLATERAL FOR ALL MARKETS

In terms of the definition of Margin Eligible (ME) Securities prescribed under the Regulations Governing Risk Management of the Exchange (the Regulations), the Exchange with approval of the Commission given vide its letter No. SMD/SE/2(141)/2008 dated January 16, 2012 relaxed the following two (2) criteria for selection of ME Securities in order to achieve the objective of enhancing the list of ME Securities in light of prevailing market conditions:

1. Average Impact Cost of new ME Security for last six (6) months should be  $\leq 2.5\%$  instead of  $\leq 2\%$ .
2. Average Daily Trading Volume of new ME Security in the Ready Market should be at least lower of 0.5% of its Free Float (FF) or 50,000 shares instead of 0.5% of FF or 100,000 shares.

Based on the revised Criteria for Selection of ME Securities, a list of 50 ME Securities as per annexure-A to this notice will be acceptable as collateral by the Exchange for all markets in accordance with the Regulations effective from **Monday, February 20, 2012**, the date determined based on 30 days advance notice as required under clause 4.6(h) of the Regulations.

Furthermore, the Commission vide its aforesaid letter also approved the following valuation methodology of Treasury-Bills (T-Bills) as prescribed by the Exchange for their acceptance as collateral for all markets:

1. 2.50% haircut on daily valuation will be applicable.
2. T-Bills can be of any tenure.
3. All T-Bills must be released before 3 working days of their respective maturities; and
4. All T-Bills will be daily valued based on the prices published by the Reuter.

Moreover, the Exchange has also been accepting electronic units of CDC Eligible open-ended funds as collateral for all markets, which are categorized as Money Market Schemes in accordance with the criteria prescribed by the Commission vide its circular No.7 dated March 6, 2009, the list of which is also enclosed herewith for your ready reference as annexure-B.

Therefore, you are hereby advised to replace your collateral deposited with Exchange in terms of securities which are not included in new list of 50 ME Securities, before February 20, 2012, failing which the Exchange reserves the right to value them as **ZERO** from the effective date.

  
**SHAQAT ALI**  
 General Manager  
 Risk Management, Market Control & Surveillance

- Encl:** 1. List of revised ME Securities.  
 2. List of CDC eligible open-ended money market funds

**Copy to:**

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|--------------------------------------|---|
| 01. The Director (SROD), SMD, SECP   | 05. The Chief Executive Officer, CDC, NCCPL |
| 02. The Managing Director-KSE        | 06. Heads of IT Division & Operations-KSE   |
| 03. The Deputy Managing Director-KSE | 07. Notice Board                            |
| 03. The Managing Director, LSE, ISE  | 08. KSE Website                             |