

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-1456

NOTICE

March 22, 2012

Reproduced hereunder letter received from NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED, for information of members of the Exchange.

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



National Clearing Company of Pakistan Limited

8th Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/March-12/13

March 21, 2012

NOTICE FOR ALL CLEARING MEMBERS

CLEARING & SETTLEMENT OF NEGOTIATED DEAL MARKET ("NDM") TRADES THROUGH NATIONAL CLEARING & SETTLEMENT SYSTEM "NCSS"

- Presently, brokers of the three stock exchanges are required to record their off-market trades in listed securities through Negotiated Deal Market ("NDM"), provided by respective stock exchanges. Clearing and Settlement of such NDM trades are managed by brokers themselves without any involvement of the stock exchanges or National Clearing Company of Pakistan Limited ("NCCPL").
- In this respect, NCCPL has developed an exclusive clearing and settlement system for trades executed through NDM so as to bring efficiency and uniformity in the entire securities settlement processes.
- Clearing and settlement of NDM trades are based on Trade-for-Trade Balance Order Mechanism as presently being applicable for Bonds Automated Trading System ("BATS").
- Clearing and settlement of NDM trades through NCSS will be implemented effective from Monday, March 26, 2012. With the implementation of such clearing & settlement mechanism all NDM trades are mandatorily be settled through NCSS.
- The main features of Clearing & Settlement of NDM Trades are as follows:
 1. All Clearing Members (CMs) are eligible for clearing and settlement of NDM trades through NCSS.
 2. NDM trades are recorded by Broker Clearing Members (BCMs) at Stock Exchanges in a disclosed basis whereby buyer and seller are known to each other.
 3. Settlement Cycle of NDM trades will be ranging from T+1 to T+60 which will be determined by BCMs at the time of reporting of NDM trade.
 4. Upon execution of NDM trades, Stock Exchanges will transmit such trades to NCSS as per the existing on-line mechanism.
 5. Facilities of Non-Exchange Transactions such as Broker-to-Broker, Institutional Delivery System will also be provided in line with the existing NCSS mechanism.