



THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

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KSE/N- 3439

July 25, 2012

NOTICE FOR ALL MEMBERS

AMENDMENTS IN REGULATIONS GOVERNING DELIVERABLE FUTURES CONTRACTS AND RISK MANAGEMENT OF KARACHI STOCK EXCHANGE

All Members are hereby informed that the Board of Directors of the Exchange with prior approval of Securities and Exchange Commission of Pakistan amended the Regulations Governing Deliverable Futures Contract of the Exchange relating to Voluntarily Rollover functionality through a special window on KATS:

1. In Clause 2, titled 'Definitions', two new definitions 'Current Contract' & 'Next Contract' are inserted:

- (iv) "Current Contract" means a Deliverable Futures Contract of a scrip which will be expiring within the current calendar month.
- (xix) "Next Contract" means a Deliverable Futures Contract which will be expiring within next calendar month."

2. In Clause 5, titled 'Contract Trading' a new Sub-Clause (vi) is inserted to read as under:

- (vi) During the overlapping period of contracts of two consecutive months, a Member shall be allowed to enter buy orders in the Next Contract to the extent of its net-buy proprietary position or on behalf of net-buy positions of its clients in the same security in the Current Contract using a special window designated in the KATS for switching off net buy position from Current Contract to Next Contract. After execution of an order entered through the said special window, two opposite contracts shall be generated in the same security with the same counter party i.e. one sell contract at the market price prevailing at the time of execution of such order in the Current Contract and one buy contract at the matched Price on time-price priority through KATS in the Next Contract.

During the overlapping period normal rollover for selling and buying separately in two different Contracts shall continue as per current practice."

3. Existing para (b) under Sub-Clause (iii), titled 'Daily Clearing' of Clause 8, shall be substituted to read as under:

- (b) The Exchange shall withhold *MtM* profits, if any, of a Member on his Proprietary or Client account in a particular scrip until its Final Settlement.

However, *MtM* profit, if any, of a Member on his Proprietary or Client account in a particular scrip will be adjusted against the *MtM* Loss in the same scrip of such Member's Proprietary or Client Account on UIN basis."

Please note that the Exchange has sent above amendments for publishing the same in the Official Gazette of Pakistan so Voluntarily Rollover functionality through special window may be available through KATS effective from the overlapping period of **Aug-2012 Contract (Current Contract)** and **Sept-2012 Contract (Next Contract)** subject to gazette notification of said amendments.


SHAFOQAT ALI
General Manager
Risk Management, Market Control & Surveillance

Copy to:

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|---|---|
| 01. The Director (PRDD), SECP, smd.notices@secp.gov.pk | 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 |
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