

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N- 3792

NOTICE

August 23, 2012

Reproduced hereunder letter No. SMD/SE/2(57)2002 dated August 16, 2012 received from **SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN, Securities Market Division, Policy, Regulation and Development Department**, for information of all concerned.

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

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN****Securities Market Division****Policy, Regulation and Development Department**

No. SMD/SE/2(57)2002

August 16, 2012

1. **All Members (TRE Certificate Holders)/Brokers of the stock exchanges;**
2. **The Stock Exchanges, Central Depository Company of Pakistan Limited and National Clearing Company of Pakistan Limited.**

Subject: Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012

Whereas, at present only a member of an exchange is entitled to act as a broker of such exchange after obtaining registration from the SECP. However, consequent to promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the "Demutualization Act"), the stock exchanges are required to allot shares and issue Trading Right Entitlement Certificates (TRECs) to their members/initial shareholders, in lieu of the existing memberships. Accordingly, subsequent to issuance of TRECs, the rights and privileges relating to trading that are presently attached to the membership of the stock exchanges shall instead be available to the TREC holders. Therefore, post corporatization and demutualization, any person who holds a TREC will be eligible for registration as a broker.

2. NOW THEREFORE, the Securities and Exchange Commission of Pakistan in the public interest and to ensure smooth implementation of the Demutualization Act and applicable securities market laws, in exercise of its powers under Section 40B of the Securities and Exchange Commission of Pakistan Act, 1997 read with Section 20(4)(m) and Section 20(6)(g) of the said Act, hereby directs that after corporatisation and demutualization of the stock exchanges, all regulatory requirements of the relevant laws currently applicable upon the 'members' of a stock exchange and any conditions imposed for the conduct of business of a member under any administered law, shall, where the context so permits be deemed to be applicable on the TREC holders. In addition, all references to the membership of the stock exchanges shall also be deemed to be applicable on the TRECs issued by the stock exchanges subject to the requirements of the Act.

3. All concerned are requested to take note of the above.


Musarat Jabeen
 Director (PRDD)