



THE KARACHI STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi-74000

Phones: 111-001-122, Fax (021) 32462640

KSE/N – 4379

September 25, 2012

NOTICE FOR ALL TREC-HOLDERS/BROKERS

AMENDMENTS IN:

1. THE REGULATIONS GOVERNING RISK MANAGEMENT OF THE EXCHANGE - ANNEXURE-A;
&
2. MEMBERS' DEFAULT MANAGEMENT REGULATIONS OF THE EXCHANGE - ANNEXURE-B.

All TREC Holders/Brokers of the Exchange are hereby informed that the Board of Directors with prior approval of the Commission has approved certain amendments in the above said regulations, which will be effective after their publication in the official gazette of Pakistan.

Please note that we are sending these amendments to Central Publication Branch, Government of Pakistan for their gazette notification. Considering such amendments are of significant importance to the market participants, therefore, we are obliged to give atleast one (1) month notice in advance to the market participants before their implementation.

We hereby notify that said amendments will be implemented from Monday, November 05, 2012, if the same are published in the official gazette of Pakistan before the said date. Above regulations showing their amended clauses are attached with this notice as **Annexure A&B** for your information and record which mainly covers the following areas:

1. Trustees of Clearing House Protection Fund (CHPF) Trust may provide a bank guarantee to the National Clearing Company of aggregated amount determined based on undertakings given by the Brokers with request signed by his Nominee Directors to avail CHPF based margins up to Rs. 10,000,000/- per Broker as VaR Margins against their Exposure in the Ready Market only. They will be required to pay Mark-to-Market Losses and Liquidity Margins, if any, from their sources other than CHPF Guarantee.
2. On Settlement Day, such Brokers will be required to settle their full settlement obligations with NCCPL as per its Designated Time Schedule without taking into effect of CHPF guaranteed amount availed as VaR Margins by such Brokers.
3. There will be enhanced Circuit Breakers for Securities trading through Odd Lots Market i.e. Rs.2 or 10%, whichever is higher, from their respective Closing Prices of such Securities in the Ready Market.
4. For a Security formally listed on the Ready Market after its Book Building process, Circuit Breaker of Rs. 1 or 5%, whichever is higher, from its respective Strike Prices will be applicable from its first trading day in the Ready Market. However, such Security shall not be allowed to trade through Futures Trading in Provisionally listed Securities Market.

All TREC Holders/Brokers are requested to note the same.


SHAFQAT ALI
 General Manager
 Risk Management & Market Control & Surveillance

Encl: Annexure "A" & "B"

Copy to:

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| 1. The Director (PRDD), SMD, SECP, Fax 051-9218595 | 5. The Managing Director-ISE |
| 2. The Managing Director, KSE | 6. The Chief Executive Officer-CDC & NCCPL |
| 3. The Deputy Managing Director-KSE | 7. All Head of Departments-KSE |
| 4. The Managing Director-LSE | 8. Notice Board & KSE Website |