



# THE KARACHI STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi-74000  
Phones: 111-001-122, Fax (021) 32462640

**KSE/N – 4594**

**October 3, 2012**

## NOTICE FOR ALL TREC HOLDERS/ BROKERS

### PROCESS OF REPLACEMENT OF FAKE SHARES

All TREC Holders of the Exchange are hereby notified that in line with Rule 26 of the Ready Delivery Contracts of the Exchange and in order to expedite the process of claim for replacement of Fake Shares, following procedures will be adopted:

1. Every Claimant TREC Holder must submit its claim along with complete details to its Delivering TREC Holder preferably **by-hand** otherwise by registered post and copy of the same should immediately be sent to the Exchange.
2. Delivering TREC Holder will not refuse the receipt of any claims from Claimant TREC Holder irrespective of validity of the claims. Even if, such Delivering TREC Holder considers such claim as Time-Bar in accordance with Rules 26, its will reply to the Exchange with complete details.
3. Delivering TREC Holder will either replace the Fake Shares with genuine Shares or provide Delivery Orders (Hawalas) of receipt such Fake Shares from its subsequent Delivering TREC Holder within 7 working days of the receipt of the claims from its Claimant TREC Holder.
4. In case of non-receipt of genuine shares or relevant Hawalas from the last Delivering TREC Holder, the Exchange may recover such genuine shares through buying-in process in Open Market at the risk and cost of such TREC Holder.
5. In case a TREC Holder or its Client (Constituent) has kept Fake Shares as unregistered under its custody for more than 2 years from the receipt of such Fake Shares from its last Delivering TREC Holder, its claims will not be entertained by the Exchange and such Fake Shares will be recovered from it within above period if the same are claimed by other Claimant TREC Holder against such TREC Holder.
6. Delivering TREC Holder who will consider any claim as Time-Bar, must provide Hawalas of its receipt of such Fake Shares from any other TREC Holder to the Exchange for its tracing-out the ultimate chain to the originator of the Fake Shares, if possible.
7. All Delivering TREC Holders will also accept Clients' Purchase Bills if attached by the Claimant TREC Holder along with its claim letter on its claims against Fake Shares.
8. Any receivable/payable arising from squaring-up of Fake Shares will be received/paid through Payment Orders issued by the Clearing House of the Exchange on T+2 Settlement Date of such squared-up transactions.

In case of non-compliance of above procedure by any TREC Holder, the Exchange will reserve the right to initiate disciplinary actions against such TREC Holder.

We request all TREC Holders for extending their utmost cooperation for amicable settlement of Fake Shares claims in timely manner.

Regards,

**SHAFOAT ALI**

*General Manager*

*Risk Management & Market Control & Surveillance*

**Copy to:**

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