



# KARACHI STOCK EXCHANGE LIMITED

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

KSE/N-- 4939

October 18, 2012

## NOTICE FOR ALL TREC HOLDERS/BROKERS

### AMENDMENTS IN REGULATIONS GOVERNING RISK MANAGEMENT ("RMS REGULATIONS") & MEMBERS' DEFAULT MANAGEMENT REGULATIONS OF THE EXCHANGE ("DEFAULT MANAGEMENT REGULATIONS")

This is further to KSE Notice No. KSE/N-4379 dated September 25, 2012.

In terms of clause 4.8 & 4.9 of RMS Regulations read with Schedule 2 attached to these regulations, all TREC Holders who are registered as Brokers with the Commission under Brokers and Agents Registration Rules, 2001 ("the Brokers"), are hereby notified that Trustees of the Karachi Stock Exchange Clearing House Protection Fund Trust ("KSE CHPF Trust") may agree to provide Letter of Comfort/Bank Guarantee to the National Clearing Company of Pakistan Limited ("NCCPL") on behalf of requesting Brokers in lieu of their Pre-trade and Post-trade Exposure Margins and Additional Margins up to extent Rs. 10 million per Broker effective from Monday, November 05, 2012.

As per note 3 to the Schedule 2, on written request along with Undertaking of the Brokers signed and stamped by their Nominees, the Trustees of KSE CHPF Trust may provide to NCCPL Letter of Comfort/Bank Guarantee on their behalf for an aggregate amount against their Ready and Odd Lots Markets in respect of Pre-trade and Post Trade Exposure Margins, provided NCCPL shall be entitled to invoke said Letter of Comfort/Bank Guarantee, within agreed period, for an amount up to Rs. 10 million per Broker upon his default.

Provided further the above referred Letter of Comfort/Bank Guarantee to be provided by the Trustees of KSE CHPF Trust will be used by NCCPL only to fulfill the settlement failure of such Broker on settlement day. Such Letter of Comfort/Bank Guarantee shall not absolve the concerned Broker to fulfill his money and delivery obligations to the NCCPL/Exchange.

Please note that the Broker failing to settle his full obligations to NCCPL/Exchange on the Settlement Day shall be dealt in accordance with the Default Management Regulations of NCCPL and Exchange irrespective of said Letter of Comfort/Bank Guarantee on his behalf provided by Trustees of KSE CHPF Trust to NCCPL.

In view of above, the Brokers are requested to submit on their Letter Heads duly signed and stamped by their Nominee Directors an Undertaking (format attached) to the Exchange in the name of Managing Director for allocating KSE CHPF Trust amount on their behalf to NCCPL by October 24, 2012.

  
**SHAFQAT ALI**  
General Manager  
Risk Management, Market Control & Surveillance

**Encl:** Undertaking as Annexure "A"

**Copy to:**

01. The Director (PRDD), SMD, SECP, Fax 051-9218595, E-mail: [smd.notices@secp.gov.pk](mailto:smd.notices@secp.gov.pk)
02. The Managing Director, Karachi Stock Exchange Limited
03. The Deputy Managing Director, Karachi Stock Exchange Limited
04. The Managing Director, Lahore Stock Exchange Limited
05. The Managing Director, Islamabad Stock Exchange Limited
06. The Chief Executive Officer, Central Depository Company of Pakistan Limited
07. The Chief Executive Officer, National Clearing Company of Pakistan Limited
08. All Head of Departments-KSE
09. Notice Board & KSE Website