

THE KARACHI STOCK EXCHANGE LIMITED

KSE/N- 5256

NOTICE

October 25, 2012

Reproduced hereunder letter No. 2(33)SE/SMD/01 dated October 24, 2012 received from **SECURITIES & EXCHANGE COMMISSION OF PAKISTAN, Securities Market Division, Market Supervision & Capital Issues Department**, for information of trec holders/brokers.
(Copy of the same is also available on our Website www.kse.com.pk).



SECP

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Market Supervision & Capital Issues Department

No. 2(33)SE/SMD/01

October 24, 2012

Mr. Nadeem Naqvi,
Managing Director,
Karachi Stock Exchange Ltd.,
Stock Exchange Building,
Karachi.

Mr. Aftab Ahmed Ch.
Managing Director,
Lahore Stock Exchange Ltd.,
19, Khayaban-e-Aiwan-e-Iqbal,
Lahore.

Mr. Mian Ayyaz Afzal,
Managing Director,
Islamabad Stock Exchange Ltd,
ISE Towers, 55-B, Jinnah Avenue, Blue Area,
Islamabad.

**SUBJECT: REQUIREMENTS FOR TRADING RIGHT ENTITLEMENT CERTIFICATE
HOLDERS UNDER DEMUTUALIZATION ACT, 2012**

Dear Sir(s),

The Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the "Act") has resulted in segregation of trading rights and ownership rights of the Stock Exchanges and has provided specific provisions for the Trading Right Entitlement Certificate (TREC) holders, which are being reproduced hereunder for record and necessary compliance.

a. Existing TREC holders not already registered as broker as on the date of demutualization i.e. August 27, 2012:

- i. Such TREC holders are entitled to be registered as broker till August 26, 2014 under the Brokers and Agents Registration Rules, 2001 (the 'Rules') as amended from time to time. Provided that only corporate entities as specified under section 16(8) of the Act can apply for certificate of registration.
- ii. Such TREC holders will be required to commence business not later than six months from the date of registration as a broker.
- iii. Failure to get registered or commence business within the time period specified above will result in lapse of such TRE certificate.
- iv. Failure to transfer the TREC within two years will result in lapse of such TREC, provided such TREC holder has not already registered itself as a broker.
- v. The TREC can only be transferred once.

b. Initial TREC holders already registered as broker as on the date of commencement of the Act i.e. May 07, 2012:

- i. TRECs can only be transferred once and such transfer would result in cancellation of registration as a broker. The incoming TREC holder will have to obtain fresh certificate of registration under the Rules.
- ii. Existing individual TREC holders already registered as broker on the date of commencement of the Act can continue to work as individual brokers till one year from the commencement of the Act. Afterwards, they will be required to convert into a corporate entity subject to requirements of section 16(8) of the Act.