



KARACHI STOCK EXCHANGE LIMITED

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KSE/N -2863

NOTICE

May 3, 2013

FOR ALL TRE CERTIFICATE HOLDERS REGISTERED WITH THE COMMISSION AS BROKER

Subject: **BASE MINIMUM CAPITAL (BMC) REQUIREMENT**

This is to notify all TRE Certificate Holders of the Exchange ("TRE Certificate Holders") that in compliance with sub-regulation 2.1 (Base Minimum Capital) of the Regulations Governing Risk Management of the Exchange ("the Regulations"), every TRE Certificate Holder registered with the Commission as Broker under the Brokers and Agents Registration Rules, 2001 ("the Broker") is required to maintain a Base Minimum Capital ("BMC") of the amount and in the form as calculated/prescribed in the Schedule-1 to the Regulations which is stated as under:

1	2
Transferable TRE Certificate Lien Marked with Irrevocable Authority in favor of the Exchange in the manner prescribed;	Shares of the Exchange pledged in favor of the Exchange in accordance with the rights, obligations and terms and conditions specified in the letter of pledge as may be prescribed by the Exchange from time to time, with the prior approval of the Commission.
AND/OR	AND/OR
Cash and/or Bank Guarantee to be provided/deposited with the Exchange.	Cash and/or Bank Guarantee to be provided/deposited with the Exchange.
Notes:	
<p>1. Every Broker shall maintain the required value of Base Minimum Capital in the forms described in 1 & 2 above, at all times, in order to be able to conduct business through the Exchange Trading Systems. The required value of Base Minimum Capital shall be determined as the sum of the notional value of TRE Certificate and the breakup value of 40% shares of the Exchange out of total shares allotted to an initial shareholder Provided that;</p> <p>(a) In case the Base Minimum Capital is maintained in form of shares of the Exchange or transferable TRE Certificate by a Broker and value of such shares or notional value of TRE Certificate decreases below the required value of Base Minimum Capital, such Broker must immediately deposit additional cash and/or bank guarantee to maintain the required value thereof.</p> <p>(b) In case the Base Minimum Capital is maintained in form of Cash and/or Bank Guarantee by a Broker and the required value of Base Minimum Capital increases due to an increase in the break-up value of 40% shares of the Exchange and/or notional value of transferable TRE Certificate, the Exchange shall announce the revised required value of Base Minimum Capital and such Broker must immediately deposit additional cash and/or bank guarantee to maintain the required value thereof.</p> <p>2. The Exchange shall determine the Notional Value of TRE Certificate for the purpose of calculation of Base Minimum Capital, which will be reviewed once in six months and disseminated to the market participants.</p> <p>3. The Exchange shall determine the Breakup Value per share of the Exchange, which will be reviewed every six months based on audited or reviewed accounts of the Exchange and disseminated to the market participants.</p> <p>4. In case of declaration of such broker as defaulter or cancellation/forfeiture of its TRE Certificate under the applicable regulations of the Exchange, the Base Minimum Capital shall be utilized by the Exchange in accordance with the applicable regulations of the Exchange and in terms of the letter of pledge, where applicable.</p>	