



**KARACHI STOCK EXCHANGE LIMITED**  
 Stock Exchange Building, Stock Exchange Road, Karachi  
 Phones: 111-001-122, Fax (021) 32462640

**KSE/N- 5049**

**September 23, 2013**

**NOTICE**

**FOR CAPITAL ADEQUACY REQUIREMENT – CERTIFICATE OF NET CAPITAL BALANCE**

Further to our Notice No. KSE/N-3862 dated July 05, 2013, wherein SECP's Clarifications/Guidelines in respect of Third Schedule of the Securities and Exchange Rules, 1971 ("SECPL Guidelines") issued vide its letter No. SMD-/MSRD-C&IW/22-1(132)/2013 dated July 03, 2013 was circulated by the Exchange to all market participants.

Subsequently, few TRE Certificate Holder Brokers gave their observations on few line items of SECP Guidelines directly to them under copy to the Exchange, out of which following were accepted by the SECP for Net Capital Balance ("NCB") purposes:

- (i) Brokerage (Commission) Receivable, which was disallowed under clarification 2.8(4) of SECP Guidelines, is allowed to include in the Current Assets.
- (ii) Term Deposits/other Deposit Receipts with Banks having third party interest, which was disallowed under clarification 1.4 of SECP Guidelines, is allowed to include in the Current Assets provided same are lien marked by the Bank for issuing Bank Guarantee in favor of the Exchange under the Regulations Governing Risk Management of the Exchange.

Further, some other Brokers gave their representations on SECP Guidelines directly to the Exchange with their request for arranging deferment of their implementation till next NCB review along with extension of NCB submission date with the Exchange. The Board of Directors in its meeting held on September 12, 2013 deliberated the Brokers' observations along with their request for extension of NCB submission date and decided to extend NCB submission date till October 31, 2013 and advised management to request SECP for deferring implementation of SECP Guidelines. Accordingly, a letter was sent to SECP on September 16, 2013 in this regard.

SECP, vide its letter No. 1(21) MISC/MSRD/SMD/2013/007 dated September 18, 2013 regretted the Exchange's request to defer the implementation of SECP Guidelines. According to SECP, these Guidelines were issued to address ambiguities in the NCB calculations only, which may neither be construed as a new regulatory requirement nor any change in the existing rules & regulations. SECP advised TRE Certificate Holders to calculate their NCBs in line with SECP Guidelines issued in respect of Third Schedule of Securities & Exchange Rules which is under implementation since 2001.

In view of above, all TRE Certificate Holders are advised to submit / revise their NCB Certificates calculated based on SECP Guidelines as early as possible, but not later than October 31, 2013.

All the TRE Certificate Holders are requested to note the above for necessary compliance.

**SHAFQAT ALI**  
 Chief Regulatory Officer

*Distribution to: All TRE Certificate Holders of the Exchange*

<p><b>Cc:</b> 1 Executive Director (PRDD), SMD, SECP, Fax 051-9218595, E-mail: <a href="mailto:smd.notices@secp.gov.pk">smd.notices@secp.gov.pk</a></p> <p>2 MD, Karachi Stock Exchange Limited</p> <p>3 MD, Lahore Stock Exchange Limited</p> <p>4 MD, Islamabad Stock Exchange Limited</p> <p>5 MD, Pakistan Mercantile Exchange Limited</p>	<p>6 CEO, National Clearing Company of Pakistan Limited</p> <p>7 CEO, Central Depository Company</p> <p>8 All Head of Department KSE</p> <p>9 KSE Notice Board &amp; KSE website: <a href="http://www.kse.com.pk">www.kse.com.pk</a></p>
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