



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
*International Affairs, Communication & Coordination (IACC) Dept*

***PRESS RELEASE***

**FOR IMMEDIATE RELEASE**

**ISLAMABAD –February 12, 2010:** A meeting of Securities and Exchange Commission of Pakistan (SECP) was held with the management representatives and members of the Board of Directors of Karachi Stock Exchange (KSE) on February 12, 2010 at SECP Head Office in Islamabad.

The meeting discussed various proposals for the development of the capital markets including the upcoming demutualization, introduction of a leverage product that addresses the liquidity needs of the market, securities lending and borrowing mechanism, measures for increasing retail investor base and development of the derivative markets. In light of implementation of the client level margining regime, the regulators also discussed its impact on the existing risk management framework and default procedures and agreed to review a netting regime in the Ready Market based on netting across settlement periods.

Given the time required for finalization of regulatory framework for introduction of margin financing and securities lending and borrowing mechanism, in the interim SECP principally agreed to the following proposals of the Exchange:

1. Uptick rule for blank sale in Deliverable Futures Market (DFM) to be abolished;
2. Threshold for blank sale on UIN basis in DFM to be revised to 0.5% or Rs. 50 million whichever is higher along with introduction of a member-wise blank sale limit of 3%;
3. Existing concentration margins in Cash Settled Futures Market (CSF) and DFM would continue to be applied on “And” basis for the two parameters of DFM/CSF position to the total DFM/CSF position and free float of a scrip. However, to provide relief to members, concentration margins would be applied in the member and client wise slabs on basis of “Average” applicable margins of the above two parameters.

The above measures will be implemented once requisite amendments are carried out in the relevant KSE regulations with a reasonable notice to the market participants.

While reemphasizing their commitment towards development of the market, the regulators resolved to pursue various additional reforms for reviving investors’ confidence, good governance and improved risk management at the stock exchanges in line with international best practices.

**Ubaidullah S.Ansari, SECP SPOKESMAN**

(Head of Internal & External Communications/Official Spokesman)