THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED
Stock Exchange Building, Stock Exchange Road, Karachi-74000
Phones: 2425502-3-4, Fax (021) 2410825

KSE/N-2179 **Dated: April 7, 2005**

NOTICE FOR ALL MEMBERS

Reproduced hereunder the contents of a letter No. SMD/MSW/1(7)2004 dated April 7, 2005 received from Securities & Exchange Commission of Pakistan for information:

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
(Securities Market Division)

No. SMD/MSW/1(7)2004 7th April 2005

The Board of Directors
The Karachi Stock Exchange (Gtee) Ltd
Through its Managing Director
Mr. Moin Fudda
Stock Exchange Building
Stock Exchange Road
Karachi
Fax : (021) 2442099

RE: NOTICE FOR ALL MEMBERS

Dear Sirs,

We are in receipt of the Notice of the Karachi Stock Exchange dated 6th April 2005, issued to all its members in respect of the emergent meeting of the Board of Directors of the Karachi Stock Exchange held in Karachi on that date.

We note the decision of the Board taken at this meeting to delete the phrase **"no netting whatsoever shall be allowed from retained profits till final settlement of Contract"** from the minutes of the emergent meeting of the Board held on 17th March 2005.

The decision taken on 17th March had merely elaborated and reaffirmed the regulatory requirement prescribed in Regulation 12(a) of the Regulations Governing Futures Contract of the Karachi Stock Exchange (Guarantee) Limited ("the Regulations") which states that:

> The variation margin (marked to market difference/loss) shall be calculated at the end of each trading day at the closing rate of the day **and all losses in the accounts of the members shall be settled in cash** [emphasis ours].

The recent decision of the Board to delete this phrase is contrary to the above quoted Regulation. It is, therefore, null and void and cannot be implemented.

All members should be immediately advised to take note of the above.

Yours sincerely,

Imran Inayat Butt
Director (SM)