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NO. 412 P. 1

**THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED****KSE/N-1220****NOTICE****March 07, 2012**

Reproduced hereunder letter No. SMD/SE/2(182)/2008 dated March 06, 2012 received from **SECURITIES & EXCHANGE COMMISSION OF PAKISTAN, SMD, PRD Department**, for information & compliance of members of the Exchange.

(Copy of the same is also available on our Website [www.kse.com.pk](http://www.kse.com.pk)).

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**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**  
**Securities Market Division**  
**Policy, Regulation and Development Department**

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No. SMD/SE/2(182)/2008

March 06, 2012

**Mr. Nadeem Naqvi**  
 Managing Director  
 Karachi Stock Exchange (G) Limited  
Karachi

**Mian Ayyaz Afzal**  
 Managing Director  
 Islamabad Stock Exchange (G) Limited  
Islamabad

**Mr. Aftab Ahmad Gh.**  
 Managing Director  
 Lahore Stock Exchange (G) Limited  
Lahore

**Subject: Brokers Operating through Other Brokerage Houses**

Dear Sir(s),

This is in reference to the directive No. F. 13/SMD/SECP/2005 dated 23/9/ 2005 issued by the Securities and Exchange Commission of Pakistan (SECP) on the subject cited above.

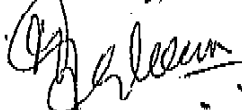
2. Based on some queries made by some market participants in relation to broker to broker trading on the same exchange in reference to the subject directive, the following is clarified:

- I. No broker whether individual or corporate can trade with any other broker of the same exchange on proprietary and / or client account;
- II. Chief Executive /Managing Director ("with whatever name called") and Nominee Director of a brokerage house can only trade through the brokerage house which he/she is associated with in the said capacity;
- III. Immediate family members (spouse, children, siblings and parents) of CEO/MD and Nominee Director of a brokerage house may trade only through the brokerage house which the CEO/MD and Nominee Director is associated with;
- IV. Employees of a brokerage house shall only trade through the brokerage house which they are associated with in the said capacity.
- V. Directors (other than CEO/MD/Nominee) may trade through other brokers of the same exchange;
- VI. Shareholders of a brokerage house may trade through other brokers of the same exchange

3. For point V & VI i.e. trading by directors & shareholders shall be subject to fulfillment of certain disclosures to be prescribed by the exchange(s) with the prior consent of SECP.

4. Further, the stock exchanges are advised to review their respective Regulations for Proprietary Trading to remove any anomalies / inconsistencies therein in terms of the above clarifications to bring them in line with the spirit of the subject directive. The required amendments should be submitted for SECP for approval on priority.

Yours truly,

  
 (M. Sarat Jabeen)  
 Director (PRDD)