



ISO 27001 Certified

National Clearing Company of Pakistan Limited

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/JANUARY-17/15

January 19, 2017

Arrangements for Effective, Ongoing Risk Management

Dear Clearing Members,

Please find attached herewith a letter No. SMD/SE/2(141)/2006 dated January 17, 2017 received from the Securities and Exchange Commission of Pakistan (SECP) which is self explanatory for your information.

For any further queries or concerns, please feel free to contact the Customer Support Services of your respective locations.

City	Telephone Number	UAN Number	Fax Number
Karachi	021-32460811-19 Ext. 209, 214, 217, 218 & 224 Dir. 021-32438531-32-33	021-111-111-622	021-32462825
Lahore	042-36280815-7		042-36280818
Islamabad	051-2895460-62		051-2895463

Regards,

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Rehan Saif
Head of PD & CSS



Securities and Exchange Commission of Pakistan
Securities Market Division
Policy, Regulation and Development Department

SMD/SE/2(141)/2006

January 17, 2017

Mr. Muhammad Lukman
Chief Executive Officer,
National Clearing Company of Pakistan Limited,
8th Floor, Stock Exchange Building,
Stock Exchange Road,
Karachi

Subject: Arrangements for Effective, Ongoing Risk Management

Dear Sir,

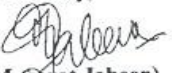
This is in continuation to our letters dated January 9 & 13, 2017 on the captioned subject wherein National Clearing Company of Pakistan Limited (NCCPL) has been instructed to implement certain measures to strengthen the risk management regime on urgent basis.

NCCPL is advised to submit requisite amendments to its regulations by February 1, 2017 with respect to the following two temporary measures that will remain in place until a review of VaR margin and haircuts has been completed by NCCPL and approved by SECP:

1. Increase in VaR margins by a factor of 1.1 (or 10%) across securities/contracts for both ready and deliverable futures markets; and
2. Increase in haircut for margin eligible securities by a factor of 1.1 (or 10%) across securities/contracts for both ready and futures markets.

Further to the above measures, NCCPL is required to provide a proposal to increase the resources available to it in case of default of a clearing member. As a part of this proposal, all broker clearing members shall be required to provide additional deposits to NCCPL in a phased manner. These deposits should be proportionate to the exposures of the concerned brokers and NCCPL must devise its proposal such that it does not impose any undue burden on smaller brokers with limited market activity and at the same require the other brokers to provide deposit commensurate to their exposures. The proposal by NCCPL should contain all relevant details including timing and manner of collection of additional deposit, priority with respect to utilization in case of default(s) and manner for replenishment or refund of such deposits.

Yours truly,


(Musarat Jabeen)
Executive Director

Cc: The Chief Executive, Pakistan Stock Exchange Limited, Karachi