



FINANCIAL MARKETS ASSOCIATION OF PAKISTAN

C/o Financial Markets & Country Treasury
American Express Bank Limited
1st floor, Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road, Karachi.
Tel: 263 0343 Ext. 269
Fax: 263 6483
Web: www.fma.com.pk
Affiliated with ACI

March 30, 2004

FMAP/GS/SBP/KIBOR-0008/2004

President

SALMAN A. USMANI

Senior Executive Vice President
Head of Treasury & FX Group
Muslim Commercial Bank Ltd.

General Secretary

ASAD QURESHI

Head of Financial Markets & Treasurer
American Express Bank Ltd.

Assistant Secretary

ARIF RAZA

Chief Dealer MM/FX
Soneri Bank Ltd.

Treasurer

MASOOD A. S. WAHEDNA

SVP & Chief Dealer Treasury
Saudi Pak Commercial Bank Ltd.

MEMBERS EXECUTIVE COMMITTEE

ASAD ALI MULJI

AVP & Treasurer
First Standard Investment Bank Ltd.

MUHAMMAD RIZWAN MALIK

Dealer Money Market
Habib Bank Ltd.

PERVEZ SHAHBAZ KHAN

VP & Senior Dealer Money Markets
ABN AMRO Bank N.V.

ZAFAR HUSSAIN

Senior Dealer FX
Prime Commercial Bank Ltd.

ZARAK MOORAJ

Head of ALM & Senior Dealer MM
Union Bank Ltd.

To
Treasurers / Chief Dealers and
Head of Money Market Desks of
All KIBOR Contributing Banks
Karachi.

Subject: Master Communiqué: KIBOR "Rule & Regulations"

Please refer to the earlier communiqués referenced FMAP/GS/SBP/KIBOR-0001/2004 & FMAP/GS/SBP/KIBOR-0007/2004 on the subject of KIBOR.

The following points are reiterated to All KIBOR Contributor Banks for strict compliance effective from **Wednesday, March 31, 2004.**

1. **Minimum lot size to be dealt in KIBOR is PKR 100million.**
All KIBOR Contributor Banks would be required to quote their two-way prices for minimum PKR 100million, within the allowable maximum Bid/Offer spreads for the relevant tenor. These prices would remain valid between 11:30AM-11:45AM. If the bank is hit on its KIBOR price once, it can then change the next price. This requirement has been imposed to ensure that banks do not quote out-of-market prices.
2. **Maximum Allowable Bid/Offer Spread by Tenors at ALL Times**

i. 1 Week	: 100BP (Basis Points)
ii. 2 Weeks	: 50BP (Basis Points)
iii. 1, 3, 6, 9 and 12 months	: 50BP (Basis Points)
3. **KIBOR Contributor Banks should have Call Limits Available for at least 25% of other Contributing Banks. Banks are expected to show their professional responsibility.**
4. **Banks which fail to submit KIBOR Rates to Reuters for maximum 4 Days during a month would be deleted from KIBOR Page.**
5. **Other Miscellaneous Guidelines**
 - i. All KIBOR Contributor Banks to submit their rates to Reuters latest by 11:20AM.
 - ii. To calculate Average KIBOR Bid/Offer Rates the Highest & the Lowest 3 Rates would be classified as Outliers and struck out from calculations by Reuters.
 - iii. All KIBOR related deals should be mentioned properly in Money Market CRS to SBP.

Any KIBOR Contributor Bank failing to comply with the above stated guidelines will be asked to leave the KIBOR Contributors' Page. Adherence to above guidelines would be monitored regularly by FMAP.

Thank you for your cooperation,

Asad Qureshi
Secretary

Salman A. Usmani
President

Cc: Zafar M. Shaikh, Head of Treasury – SBP
Naved A. Khan, Vice Chairman – PBA