

NCEL/Mem/543-2007

November 8, 2007

Dear Registered Broker,

Subject: Profit on Cash Balances held in Initial Margin Accounts

NCEL is pleased to announce that starting November 1st, 2007, NCEL will pay profit on cash balances held in the Initial Margin Accounts of Registered Brokers and their Clients.

The rate of profit will be calculated on a daily product basis and credited monthly at the end of the first week of the subsequent month to all the accounts held at the NCEL Clearinghouse.

The Method of Calculation will be as follows:

(Rate of Profit/365 days)*(Sum of the end of day balances in the Initial Margin Account for the month)

The rate of profit would be 200 basis points below the profit earned by NCEL on the investment of Initial Margin balances, net of withholding tax.

For Example:

- a. Sum of the end of day balances in the Initial Margin Account is Rs311,000 for the month.
- b. Net profit earned by NCEL on Initial Margin cash balances is 9%
- c. 200 basis points less 9% is equal to 7%
- d. $Rs311,000 * (7\%/365) = Rs59.64$

If you have any queries regarding this Circular, please contact the undersigned.

Sincerely,

Arsheen Saulat
Head of Compliance