



# 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 20, 2004

FMAP/GS/SBP/KIBOR-0002/2004

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**SALMAN A. USMANI**

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

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Head of Financial Markets & Treasurer  
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**ZARAK MOORAJ**

Head of ALM & Senior Dealer MM  
Union Bank Ltd.

**Mr. Zafar M. Shaikh**

Head of Treasury  
Exchange & Debt Management Dept.  
State Bank of Pakistan, Karachi.

**Subject: Corporate Lending Based on KIBOR**

**Dear Mr. Shaikh,**

Please refer to your letter referenced EDMD/GS/5(25)Misc/475/2004 on the above subject.

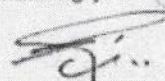
A Meeting of all KIBOR Contributing Banks was held in light of your above letter with a view to further expand & deepen the KIBOR Benchmark as an effective standard for Corporate Lending purpose.

Following guidelines and action steps were agreed upon by KIBOR Contributing Banks for meeting the objectives mentioned in referenced letter;

- To increase current tenors of KIBOR to include 9-months & 12-months tenors.**  
All KIBOR Contributor Banks will also start quoting 9 & 12-months tenors. The Bid/Offer spread for the above two tenors would not exceed 50BP (basis points) at any time.
- To increase the minimum lot size from PKR 50million to 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 This requirement has been imposed to ensure that banks do not quote out-of-market prices.
- KIBOR Contributor Banks should have Call Limits available for at least 25% of other Contributing Banks.**  
To ensure reliability of quotes it was decided that each contributing bank should have Call Limits on at least 25% of the other KIBOR Contributing Banks. Banks are expected to show their professional responsibility in this regard.
- Other Guidelines**  
Any KIBOR Contributor Bank failing to comply with the above stated rules or deviating from other previously communicated guidelines will be asked to leave the KIBOR Contributors Page. Adherence to guidelines will be monitored regularly by FMAP.

The above changes are to be implemented with effect from **March 31, 2004**. If there are any last minute changes to the above stated guidelines it would be communicated to you latest by **March 27, 2004**.

Thanking you for your usual cooperation,

  
**Asad Qureshi**  
Secretary - FMAP

Cc: **Salman A. Usmani** - President FMAP