

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
NIC BUILDING, JINNAH AVENUE, ISLAMABAD**

No. SMD/SE/2(27) 2002

May 16, 2002

**Subject: APPLICATION FOR REGISTRATION OF NATIONAL
COMMODITY EXCHANGE LIMITED (NCEL)**

On the application by the National Commodity Exchange Limited (NCEL) a hearing was held by the full Commission on 14 May 2002 at SEC office Islamabad. The hearing was attended by the representatives of the NCEL, three stock exchanges, Karachi Cotton Association, ADBP and others (list attached as Annexure A). After hearing the parties and after being satisfied with the experience and financial soundness of the sponsors as well as availability of infrastructure and proper risk management frame-work, the Commission hereby grants approval for registration as an Exchange to NCEL on the following terms and conditions: -

- 1) The Memorandum and Articles of Association of the NCEL would be amended suitably in order to bring it in conformity with the Code of Corporate Governance notified by the KSE.
- 2) The regulations of the Exchange would contain appropriate provisions ensuring independent management of the Exchange and these will *inter alia* provide specifically that the Managing Director of the Exchange shall not be appointed, removed or terminated without prior written approval of the Commission.
- 3) The Exchange shall be bound to follow any directions issued by the Commission to make amendment in its Regulations, the Memorandum and Articles of Association. Besides no change in the Regulations of the Exchange will be effected without prior written approval of the Commission.
- 4) The pattern of shareholding of the NCEL, will be such as approved by the Commission.

- 5) Regulations for the qualification, admission, exclusion, suspension, expulsion and re-admission of persons with trading rights will be specified by the NCEL and approved by the Commission.
- 6) The majority of the directors on the Board of the proposed Exchange will be persons without trading rights on the Exchange.
- 7) Institutions with requisite experience will be encouraged while granting the license for trading rights.
- 8) Minimum capital requirements for persons with trading rights will be specified.
- 9) Regulations for trading, listing, dispute settlement, risk management and other relevant regulations will be submitted by NCEL and approved by the Commission.
- 10) Regulations for maintenance of Accounts and their Audit will be submitted and approved by the Commission.
- 11) Details about the human resource structure and organization of the Exchange will be submitted.
- 12) Approval of the Commission will be obtained for each type of commodity futures contract traded on the Exchange.

The above requirements will be met by NCEL within 45 days of the grant of approval.

(Shahid Ghaffar)
Commissioner (SM)

(Zafar-ul-Haq Hijazi)
Commissioner (CL)

(Abdul Rehman Qureshi)
Commissioner (Enf.)

(N.K.Shahani)
Commissioner (Ins.)

(Khalid A. Mirza)
Chairman

ANNEXURE-A

LIST OF PARTICIPANTS

1. Mr. Salim Chamdia, Chairman, National Commodity Exchange Limited.
2. Mr. Yacoob Memon, Managing Director, National Commodity Exchange
3. Mr. Noman Ahmed, Managing Director, Karachi Stock Exchange,
4. Mr. Samir Ahmed, Managing Director, Lahore Stock Exchange,
5. Mr. Iftikhar Ahmed, Vice Chairman, Islamabad Stock Exchange
6. Mr. Zahid Bashir, Chairman, Karachi Cotton Association
7. Mr. Nadeshaw D. Kabraji, Former Chairman, Karachi Cotton Association
8. Mr. Akbar H. Hashwani, Former Chairman, Karachi Cotton Association
9. Mr. Maqbool Sadiq, Director, Karachi Cotton Association
10. Mr. Istaqbal Mehdi, Chairman, Agriculture Development Bank of Pakistan
11. Mr. Shoaib Qureshi, Joint Head, Agriculture Development Bank of Pakistan
12. Mr. Tariq Iqbal Khan, Chairman, National Investment Trust
13. Mr. Kamal Afsar, Chairman, Pakistan Reinsurance Company
14. Mr. Naseer Sheikh, Senior Executive Vice President, Pak Banks Association
15. Mr. Naveed A. Hashmi, Resident Manager, ECPL, representing Overseas Chambers of Commerce & Industries.