



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

PRESS RELEASE

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SECP approves Rule Book for Karachi Stock Exchange

ISLAMABAD – APRIL 10: The Securities and Exchange Commission of Pakistan (SECP) under the Section 34(1) of the 1969 Securities and Exchange Ordinance—has accorded its approval to the Rule Book for the Karachi Stock Exchange Limited (KSE). This is a landmark achievement and a significant step towards improving and strengthening the regulatory regime applicable to the capital market in Pakistan.

Consequent to the corporatization and demutualization of the stock exchanges in 2012, the SECP has initiated major structural reforms at the stock exchanges in line with the 2012 Stock Exchanges (Corporatization, Demutualization and Integration) Act. This includes the much needed segregation of commercial and regulatory functions and reorganization of the regulatory functions of the stock exchanges into a dedicated Regulatory Affairs Department, supervised by a Regulatory Affairs Committee consisting entirely of independent directors appointed by the SECP.

In the wake of the demutualization, a need was felt to revamp the regulatory framework of the stock exchanges as the same was scattered in multiple sets of regulations and resulted in redundancies and overlaps. Hence, these different sets of regulations have now been consolidated in a single set of rules, ensuring harmonization and consistency among the different regulatory requirements therein and avoiding overlaps.

The Rule Book also incorporates necessary changes to the regulatory framework consequent to the demutualization process, while providing regulatory cover to the structural changes at the KSE, including recognition of the role of the Regulatory Affairs Committee and the Chief Regulatory Officer in the regulatory, enforcement and arbitration domains. The Regulatory Affairs Committee of Karachi Stock Exchange under the able leadership of Syed Muhammad Shabbar Zaidi played a commendable role in the formulation and compilation of the Rule Book. The introduction of the Rule Book has not only aided in prescribing a refined and consistent set of regulatory framework for the capital market, but has also paved the way for effective enforcement of the regulatory provisions by the regulators. It is expected that this achievement will facilitate the process of further reforms and initiatives for the protection of investors' interests and development of the capital market.

As per the requirements of Section 34(1)) of the 1969 Securities and Exchange Ordinance the Rule Book shall take effect upon publication of the same in the official gazette. The SECP has instructed the KSE to ensure gazette notification of the approved Rule Book within 15 days from the date of approval to ensure timely implementation.

