

PRESS RELEASE

Coordination Meeting between SEC and Stock Exchanges

ISLAMABAD – 15 April 2004: The Securities and Exchange Commission of Pakistan (SEC) has decided that Carry-over-Transactions (COT) shall be phased out by the end of this year. The decision has been endorsed by the three stock exchanges who have offered their full cooperation regarding the matter. The issue came under discussion during a coordination meeting between the SEC and the three stock exchanges held at the SEC head office in Islamabad on Thursday.

The coordination meeting, which was chaired by Dr. Tariq Hassan, Chairman, SEC, discussed in detail the draft Margin Financing Rules, 2004. The rationale behind the various provisions were discussed and agreed upon, in principle. The draft Rules were prepared by the SEC in consultation with stakeholders for the gradual phasing out of COT/badla financing. After appropriately considering the amendments proposed by the exchanges, the SEC will forward the Rules for vetting and issuance. The introduction of these Rules is expected to further enhance the retail investor base as well as minimize the systemic risk posed to the market.

The Chairman SEC appreciated the progress made by the three exchanges in the area of automated trading, particularly the increasing number of terminals placed outside the exchange premises. It was also decided during the meeting that a committee with representation from the three stock exchanges as well as the SEC would be formed to formulate regulations for web-based trading.

The meeting also discussed the progress made on the Over-the-Counter (OTC) market. The possibility of a unified OTC market for the three exchanges, rather than each exchange operating its own OTC market, was also deliberated. The stock exchanges have decided to further review this possibility, particularly the technical aspect.

The Chairman SEC lauded the services offered by Mr. Sameer Ahmed to the Lahore Stock Exchange (LSE) during his recently concluded tenure at the LSE.

The meeting was attended, among others, by Mr. Shahid Ghaffar, Commissioner, SEC; Mr. Arif Habib, Chairman, KSE; Mr. Moin Fudda, Managing Director, KSE; Mr. Syed Asim Zafar, Chairman, LSE; Mr. Samir Ahmed, Managing Director, LSE; and Mr. Omar Iqbal Pasha, Chairman, ISE; and Mr. Aftab Ahmed Chaudree, Managing Director, ISE.