

# PRESS RELEASE

## 9<sup>th</sup> Meeting of the SEC-SBP Coordination Committee

**Islamabad – 17 February 2004:** The ninth meeting of the Coordination Committee of the Securities and Exchange Commission of Pakistan (SEC) and the State Bank of Pakistan (SBP) was held at the SEC head office in Islamabad. During the meeting, the heads of the two regulatory bodies discussed issues pertaining to holistic regulation of the financial sector.

The main areas of discussion at the ninth coordination meeting included: development of secondary market in Term Finance Certificates and government securities, credit ratings, regulation of real-estate developers and brokers, external auditors for financial institutions of a group, review of the status and future course of action with regard to non-regulated brokerage business, and consolidated supervision. The meeting also discussed certain anomalies in the Margin Trading Rules drafted by the SEC and SBP and the future road-map for the phasing out of Carry-over-Transactions.

While discussing particular instances where the two agencies require each others cooperation, Dr. Tariq Hassan, Chairman, SEC, urged the regulatory agencies to not only be cognizant of the developments of markets around the world but at the same time think of innovative and progressive regulatory measures which would not only be more effective but also efficient in terms of time and the costs involved.

Various issues pertaining to credit rating agencies were also discussed and the Governor SBP Dr. Ishrat Hussain suggested that to maintain investors' confidence in ratings the SEC may issue a Code of Ethics which should lay down certain principles for companies to follow while dealing with credit rating agencies.

The SEC-SBP Coordination Committee meetings are held once a quarter and include high level officials from both institutions. These formal meetings supplement the on-going regular coordination between the two regulators on all matters of mutual interest.