

PRESS RELEASE

Chairman SEC Visits NCCPL and CDC

KARACHI – 23 January 2004: Congratulating the National Clearing Company of Pakistan Limited (NCCPL) on successfully implementing and operationalizing the integrated national clearing system, Dr. Tariq Hassan, Chairman Securities and Exchange Commission of Pakistan (SEC) said that clearing and settlement of all the major securities listed on the stock exchanges of the country through the National Clearing and Settlement System is a major milestone in the corporate history of Pakistan.

He expressed these views on his visit to NCCPL and Central Depository Company (CDC). This was Dr. Hassan's first visit to the NCCPL and the CDC since he assumed the office of the Chairman SEC.

By implementing the integrated national clearing system, settlement of trades executed in respect of companies in the Central Depository System, on all three exchanges, would be done under one system as opposed to the past practice of separate clearing houses of the exchanges. Dr. Hassan said that this was another step towards integration of the capital market of the country and initiatives such as integration of trading floors and demutualization of the exchanges were also in the pipeline.

National Clearing and Settlement System is a completely home grown system which has been designed keeping in view the requirements and the characteristics of Pakistan's capital market.

Dr. Hassan urged the management of NCCPL to further enhance its capacity and diversify its operations by including borrowing and lending of securities by the participants through this system. He emphasized the fact that management of NCCPL should take all the necessary steps to ensure that risk management matters of the exchanges are taken up by the company at the earliest. He went on to say that NCCPL should devise mechanism to effectively detect and rectify market abuse in order to effectively safeguard the rights of all the stakeholders and to promote an investor friendly environment.

Later, Chairman SEC felicitated the management of CDC for showing exceptional performance in the last fiscal year. During the last year CDC strengthened its financial position by significantly increasing its profitability and for the first time declared 20% dividend for its shareholders. The Investor Account Services provided by the CDC has enabled individual and corporate investors to open direct accounts with CDC. Given the success of Investor Account Services and demand of the market, the Chairman said that CDC should also consider expanding this service to other Pakistani cities as well as to the Middle Eastern countries. The Chairman hoped that the company would continue to build on its success and would strive to

provide even better services to issuers, participants and institutional and individual account holders in future.