

Press Release

SECP, KSE Discuss Demutualisation of Stock Exchanges

Islamabad – November 30, 2005: A meeting of the Securities and Exchange Commission of Pakistan (SECP) and members of Karachi Stock Exchange's Member's committee on Demutualization was held earlier today to discuss the business plan of KSE. The meeting was presided over by Dr. Tariq Hassan, chairman SECP, and was attended by Mr. Arif Mian from SECP, Mr. Yasin Lakhani, Mr. Arif Habib, Mr. Amin Issa Tai, Mr. Shahzad Chamdia, Mr. Firozuddin Cassim and Mr. Rafique Umer from KSE.

According to a joint press release of the SECP and KSE, the representatives of KSE presented the strategic and business plan prepared by the corporate and financial advisory team of Anjum Asim Shahid Rehman, Chartered Accountant that covered a brief history of KSE, institutional overview (legal and corporate structure), financial overview, environmental analysis, market analysis, legal and regulatory framework, organization structure and issues, capital and ownership, trading and operational framework, business and market strategy, risk management and control structure and financial performance. Moreover, KSE also reaffirmed its decision to demutualize and reassured its full cooperation to accelerate the process of demutualization of KSE.

During the meeting, SECP and representatives of KSE agreed on issues relating to special legislation for demutualization, segregation of regulatory functions from its commercial functions, conflict of interest committee. The chairman of SEC also communicated to KSE team to ensure that the business plan is in line with the international best practices as outlined in the report of the demutualization committee. Issues relating to shareholding structure of the demutualized exchange, trading rights and members' compensation will be discussed. Further he advised KSE to submit a revised business plan by next week in light of the discussions held today to reflect future estimated capital expenditure.

The chairman of SEC also informed that the Commission has finalized the work on the special legislation on demutualization and would soon send the same to Government for approval and initiate the process of consultation with all the exchanges.