

PRESS RELEASE

SECP INVITES COMMENTS ON DRAFT PE&VCF REGULATIONS 2007

ISLAMABAD - 13 AUGUST 2007: The Securities and Exchange Commission of Pakistan (SECP) continuously strives to offer financial products to the investors which are tailored to suit the prevailing market conditions and various segments according to their risk appetite. After Real Estate Investment Trusts (REITs) another recent development in this regard is the introduction of Private Equity and Venture Capital Funds ("PE&VCF").

The latest amendments made to Part VIII-A of the Companies Ordinance, 1984, through the Finance Act, 2007, empowers the Commission to make regulations in relation to section 282 of the Ordinance. Accordingly, in exercise of the powers conferred by section 282B (2) of the Ordinance, PE&VCF Regulations 2007 have been drafted and placed on the Commission's website to elicit public opinion.

Private equity is a distinct asset class that can play a vital role in transformation of the local economy by providing growth capital to the local corporate sector. Private equity will unlock the hidden value of the private companies by providing capital and managerial skills for growth and expansion. It will also assist in the turnaround of sick and badly managed companies and would help Pakistan attract foreign direct investment.

The PE&VCF will be an unlisted closed-end unit-trust fund open only to high-net worth individuals and institutions due to its intrinsic nature of being a high-risk asset class. The fund will provide equity for seed/start-up capital, expansion, buyout as well as turn around although primarily to private companies, however, it can venture into privatization deals as well.

The Commission welcomes comments and suggestions on the draft PE&VCF Regulations which may be forwarded to the following official:

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