



Securities and Exchange Commission of Pakistan

12TH FLOOR, NIC BUILDING, 63-JINNAH AVENUE, BLUE AREA, ISLAMABAD

PRESS RELEASE

FOR IMMEDIATE RELEASE

CFS MK-II TO GO-LIVE ON APRIL 7, 2008

ISLAMABAD – FEBRUARY 14, 2008: A meeting of CFS Mk-II Implementation Committee was held on February 14, 2008 at SECP Karachi Office to resolve pending issues in introduction of CFS Mk-II Market. The meeting, chaired by Chairman SECP, Mr. Razi-ur-Rahman Khan, decided that the CFS Mk-II Market shall go-live on **April 7, 2008**. It was also decided that, on the go-live date, all financing in the existing CFS Market shall be transferred to the new CFS Mk-II Market, which shall be managed at NCCPL. Initially, only the CFS Market of KSE shall be transferred to the CFS Mk-II platform, and no monetary limit shall then be applicable to this market. However, those securities which do not fulfill the eligibility criteria of CFS Mk-II Market shall be phased out from the existing CFS Market at all the stock exchanges before April 7, 2008.

The CFS Mk-II Market, a paradigm shift from the existing CFS Market, will allow the Institutions to directly provide financing in the equity market in the capacity of Authorised Financiers. The new financing system will ensure certainty of funding, whereby institutional financiers will commit a minimum amount of financing for a period of at least 90 days. NCCPL will manage the risk management in CFS Mk-II Market, which has stronger risk management measures in place, as compared to the CFS Market. The Non-Broker Authorised Financiers shall be required to enter a broker code while offering funds; however, payment of commission to the broker shall be mutually agreed between the broker and financier, and is not mandatory. The mandatory entry of broker code shall be allowed during the first 12 months of this product, after which the practice shall be reviewed by the CFS Mk-II Committee.

NCCPL is currently testing the CFS Mk-II systems, after which training shall be provided to the Non-Broker Authorised Financiers. The regulatory framework of CFS Mk-II shall also be approved by SECP shortly. With the implementation of CFS Mk-II, the capital markets will enter a new phase of transparency and small investors and brokers will have easy access to credit.

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