



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Talent Management, Finance and Communication Division

PRESS RELEASE

Demutualization: SECP approves documents submitted by stock exchanges

ISLAMABAD, July 23: The SECP has approved various documents submitted by the stock exchanges under the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

Promulgated on May 7, 2012, the Act provides a framework for the corporatization, demutualization and integration of the stock exchanges. The demutualization will bring the Pakistani capital market on a par with other international jurisdictions, result in enhanced governance and transparency at the stock exchanges and will attract strategic investors which will not only provide equity and technical expertise but will also result in increased visibility of these exchanges on international capital market forums.

The approved documents include revaluation of assets and liabilities of the stock exchanges, plans for the segregation of commercial and regulatory functions and memorandums and articles of association of the exchanges. The SECP has also approved the authorized and paid-up capital of the exchanges with the number of shares to be issued, names of initial shareholders of the exchanges and the number and value of shares to be allotted to each member, names of member directors of the exchanges nominated by the exchanges, along with names of SECP-nominated 6 directors on each stock exchange to act as the first directors. Further, detailed five-year development plans together with the capital expenditure estimate and sources of finance along with SECP's observations on the same in the interest of the market, have also been approved.

The approval marks the achievement of an important milestone towards completion of the said exercise. It is expected that the stock exchanges will now be able to complete the subsequent activities required in the Act and will stand demutualized by September 3, 2012, as stipulated in the Act.

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