

## Press Release

### **SECP Decides: Continuous Funding System (CFS) to continue, to be reviewed by 31 May 2006**

**Islamabad – February 5, 2006:** After a detailed study of the funding available to the securities market and determining the need of the market place and the risks inherent in it, the Securities and Exchange Commission of Pakistan (SECP) has decided that Continuous Finance System (CFS), currently in place, will continue. CFS will be reviewed by 31 May 2006 and in the meantime the existing CFS regulations will be enforced in letter and spirit.

Discussions will be held with the Karachi Stock Exchange (KSE) management with a view to determining the phase in of the outstanding regulations so that CFS risks are minimised at the earliest. Cap on CFS transactions of Rs. 25.0 billion for KSE and Rs. 2.31 billion for LSE will continue till further notification.

SECP will continue with the reform process initiated by the Government of Pakistan to ensure rapid development of the financial and capital markets of the country as per international best practices. All decisions will be taken after due diligence and examination of the facts to make sure that systemic risks are minimised and the system is protected from undue shocks. It is in this light that the CFS decision is being conveyed three weeks before the deadline so that hyper speculation and uncertainty is minimised if not totally removed.

SECP will continue to engage all stakeholders within its purview to find win win solutions on all issues.