

Press Release

SECP, KSE Agree Over Roadmap for Demutualization of KSE

KARACHI January 30, 2006: The Securities and Exchange Commission of Pakistan (SECP) and the Karachi Stock Exchange (KSE) have agreed over a roadmap for demutualisation of the KSE.

In this regard, a memorandum of understanding was signed between the Chairman, SECP, Mr Razi-ur-Rahman Khan, and the elected directors, the Managing Director of KSE and members of the Board Demutualization Committee in Karachi.

The MOU was arrived at after intense negotiations over the past ten days between a senior-level SECP delegation, led by the Chairman, and members of the KSE. Discussions took place in an amicable manner. As a result of these deliberations, it has been agreed that future Chairmen of the Board will be elected from amongst non-member directors of the exchange.

A detailed working meeting was also held between the SECP delegation led by its Chairman and the KSE management, led by its Managing Director, Mr. M. A. Lodhi. All outstanding issues were discussed in a cordial atmosphere between the two sides. Particular emphasis was placed on risk management and Continuous Funding System (CFS) mechanism with a view to assessing the risk management systems to determine the way forward. It is hoped that all outstanding issues will be settled amicably within the foreseeable future.

SECP appreciated the time, efforts, cooperation, and support of the KSE delegation and the senior members without which the agreed roadmap could not have been reached.

The proposed roadmap was also discussed and agreed between the Chairman SECP and the Lahore Stock Exchange (LSE) directors and management in a meeting held in Lahore on 27 January 2006.

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. SECP will engage all stakeholders within its purview to find win-win solutions in all future collaborative endeavours.