

Press Release

SECP Working on New Product to Replace CFS

Islamabad – May 2, 2006: The Securities and Exchange Commission (SECP) is currently in the process of discussion with banks and market participants on a new product to replace the existing Continuous Funding System (CFS).

The proposal was presented to financial institutions in a meeting on Saturday, 29 April 2006 and is being considered by financial institutions and the State Bank of Pakistan. The SECP is also reviewing risk management practices at the stock exchanges and various proposals floated by the market participants are under active consideration.

The proposal if accepted by all stakeholders would result in the current CFS cap to be removed and will result in improved liquidity. The margin financing proposal currently being considered by the Tarin Committee, when developed, would also play an important role in the development of the market.

The CFS was extended to 31 May 2006 when it was to be reviewed by the SECP. The press release is being issued to provide clarity to the public and to avoid undue speculation.