

Press Release

SECP Presents Draft Report to Emerging Markets Countries Conference in Shanghai

Islamabad – October 12, 2006: The Securities and Exchange Commission of Pakistan (SECP) is an active member of the International Organization of Securities Commissions (IOSCO) and also the Chair of IOSCO's Working Group 3 (WG3) since 2003. In the Emerging Markets Countries (EMC) Conference in Shanghai (18-22 September 2006), the SECP offered an extensive progress update on their mandate of "Guidance to Emerging Market Regulators regarding Capital Adequacy Requirements for Financial Intermediaries."

This mandate was initially adopted for Working Group 3 (WG3) on April 04, 2005 in Colombo, Sri Lanka, and was considered keeping in view the principle 22 of the IOSCO Principles of Securities Regulations, which states that, *"there should be initial and ongoing capital and other prudential requirements for market intermediaries that reflect the risks that the intermediaries undertake."*

The SECP conducted research on the Capital Adequacy practices in 24 jurisdictions and prepared a draft report in which recommendations were proposed in light of varying stages of capital market development and the challenges being faced by emerging markets. On August 17, 2006 the SECP invited delegates from Egypt, Sultanate of Oman, India, and Sri Lanka to Pakistan, where the draft report was finalized after detailed deliberations.

The SECP formally presented the report in Shanghai on September 20, 2006. All member jurisdictions of the EMC formally adopted the WG3 Report and endorsed the findings and recommendations contained therein. The EMC congratulated WG3 and its Chair, the SECP, for undertaking work on this crucial issue of capital adequacy in emerging markets.

IOSCO is the world's most important international co-operative forum for securities regulatory agencies; it is recognized as one of the world's key international standard setting bodies and its membership stands at 181 members (and is growing rapidly.) The Organization's members regulate more than 90 percent of the world's securities markets and provide an international forum for member agencies to cooperate together and promote high standards of regulation in order to maintain just, efficient and sound markets.