



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Strategy, Development and External Relations Department

Press Release

SECP revises eligibility criteria for securities for Margin Financing

Islamabad – August 11: In a move to facilitate market participants and in the interest of the capital market, the Securities and Exchange Commission of Pakistan (SECP) has accorded its approval to revised eligibility criteria for securities in the Margin Financing (MF) Market.

Under the revised eligibility criteria, which forms part of the Regulations of the National Clearing Company of Pakistan Limited (NCCPL), 147 securities stand eligible for financing purposes in the MF Market. The NCCPL will notify the list of eligible securities while giving the required notice to the market.

The revision in the said criteria and increase in the number of securities has been approved taking into account that the MF is a counter-party risk-based product, which does not entail any centralized risk management system and that the brokers perform risk assessment for their clients. The said revision has been approved based on the discussions with the Karachi Stock Exchange and senior market participants.

The said move is also expected to act as a deterrent against the malpractice of in-house financing. The stock exchanges have accordingly been advised to notify it to their respective members to ensure complete compliance in relation to the ban on in-house financing and to put-in place appropriate monitoring system to ensure the same.

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