



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Talent Management, Finance and Communication Division

PRESS RELEASE

SECP, KCDR signed MoU to encourage Alternative Dispute Resolution

ISLAMABAD, November 15: The Securities and Exchange Commission of Pakistan (SECP) and the Karachi Centre for Dispute Resolution (KCDR) signed a Memorandum of Understanding (MOU) to provide for an alternative dispute resolution mechanism to regulated enterprises.

Chairman SECP, Mr. Muhammad Ali and Former Chief Justice of Pakistan, President KCDR Mr. Justice (Retd) Saiduzzaman Siddiqui, signed the MoU here Thursday.

According to the MoU, the SECP will encourage its regulatees and the investing public to incorporate a mediation clause in their inter-party agreements. The SECP will also initiate appropriate legal amendments to its administered laws to make mediation a mandatory pre-requisite for formal dispute resolution before courts.

Terming it a paradigm shift, Mr. Muhammad Ali said that the signing of MOU would have a positive impact on investor confidence as disputes will be resolved in a timely manner. It will also reduce the direct and indirect cost of dispute resolution. The MOU will allow SECP to better handle investors' complaints and also reduce number of pending litigations in courts and SECP appellate tribunal, he added.

Mr Justice (Ret) Saiduzzaman Siddiqui, President KCDR said that the consequences of MoU with the KCDR are in line with the SECP's statutory functions which include promoting investor education and investor confidence, and encouraging the organized development of the sectors falling within the regulatory ambit of the SECP.

Attorney General of Pakistan, Irfan Qadir informed the audience that about three years ago, there were about 1.7 million pending cases in courts and at present, the number of pending cases have been increase to 3.2 million. Irfan Qadir said that the Alternative Dispute Resulation mechanism would provide relief to over burdened courts.

Dr Zafar Sherwani, Doirector KCDR gave detailed presentation on MOU signed between the two organizations. Dr Zafar informed that the accord will formalize the future corporation between the two organizations to raise awareness about and encouraging mediation as a primary dispute resolution mechanism for persons involved in or connected to the regulated sectors of the SECP, including all stakeholders in the corporate sector, the capital market, non banking financial sector and the insurance sectors.

The SECP will refer inter-party disputes among the relevant persons to an accredited mediator for amicable settlement through mediation, and the KCDR will train the relevant SECP officers in effectively discharging this function.

The two organizations will establish and maintain effective consultation, co-operation and regular exchange of information on mediation. Both organizations will jointly hold awareness events in the form of seminars, workshops, and conferences for the stakeholders.

INTRODUCTION

Mediation is an Alternative Dispute Resolution mechanism which aims to resolve disputes informally, with the help of a neutral third party, and to reach long term settlements between disputants. The mediation process has proven to be quick, effective, confidential and inexpensive. The focus of mediation is the provision of lasting solutions, and strengthening of relationships between parties which help them address existing conflict and avoid the possibility of a future conflict as well. This option is available not only to parties whose cases are pending before a court/ judicial forum, but also to disputants who have as yet not taken any recourse to formal judicial or quasi-judicial proceedings.

Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP) is the financial regulatory agency in Pakistan whose objective is to develop a modern and efficient corporate sector in and a capital market based on sound regulatory principles, in order to foster economic growth and prosperity. A Securities and Exchange Commission of Pakistan Act was passed by the Parliament and promulgated in December 1997. In pursuance of this Act, the SECP, having autonomous status, became operational on January 1 1999.

The scope of the authority of the SECP has been extensively widened since its creation. The insurance sector, non-banking financial companies, and pension funds have been added to the purview of the Commission. Now the SECP's mandate includes investment financial services, leasing companies, housing finance services, venture capital investment, discounting services, investment advisory services, real estate investment trust and asset management services, etc.

Karachi Centre for Dispute Resolution

Karachi Centre for Dispute Resolution (KCDR) started operations in Karachi, in February 2007 as non-for-profit civil society institution, with the support of the Sindh High Court and World Bank Group. The Centre, first of its kind in Pakistan, follows international standard rules and code of ethics governing mediation proceedings.

The Karachi Centre for Dispute Resolution is offering mediation as an institutionalized alternative dispute resolution (ADR) mechanism. This option is available to the parties whose commercial cases are either pending before any court/ judicial forum, or who have not yet filed a case in the Court. KCDR has been established with the assistance and support of the High Court of Sindh and the International Finance Corporation/World Bank Group. It is registered under the Societies Registration Act of Pakistan (XXI of 1860).