

Press Release

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For immediate release

SECP not to tolerate misuse of investors' assets

KARACHI, August 7: Chairman, Securities and Exchange Commission of Pakistan (SECP), Mr Zafar Hijazi, has emphasized the need for maintaining investor confidence and adopting a zero-tolerance policy against any instances of misuse of investor's assets.

He was chairing the second meeting of the Consultative Group constituted by the SECP held here on Friday. He reiterated his resolve to do everything possible, including seeking the NAB's help, to arrest all those responsible for the scams.

The Consultative Group agreed that strict legal actions should be taken against the brokerage houses that were involved in the misappropriation of client assets and that the culprits should be severely punished to create deterrence against any malpractices. The SECP and NAB are now closely collaborating with each other to investigate such cases and proceed against the culprits with full force of law, Mr. Hijazi said.

The Consultative Group also reviewed progress on the reforms and development measures agreed in the first meeting. It was observed with appreciation that significant progress had been made in all major areas in the form of various new regulations and initiatives by the SECP. These include introduction of revised regulatory framework for book building, launch of investor awareness portal, introduction of more stringent criteria for selection of auditors for brokers, reforms in negotiated deal market, approval of revised modalities in the margin financing product, etc. The SECP Chairman also said that pursuant to the promulgation of the 2015 Securities Act, a revised comprehensive broker regime would be implemented after public consultation. This will institute major reforms, including the introduction of different classes of brokers with respect to trading and custodial rights, criteria for sponsors, directors and senior management of brokers etc.

It was agreed that the process of reforms and structural development in the capital markets would continue with the unwavering resolve to take stringent enforcement action in any case of misappropriation of investor assets. Mr. Hijazi assured the participants that the SECP will leave no stone unturned to call the culprits to account.