

Press Release

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For immediate release

SECP's three days "Non-Bank Financial Sector and Capital Markets Conference" concludes

KARACHI, January 15: The three days conference on ***"Non-Bank Financial (NBF) Sector and Capital Markets Conference"***, organized by Securities and Exchange Commission of Pakistan in collaboration with USAID concluded at Karachi today.

The conference provided a unique opportunity to the policy makers, international experts and industry players to debate the challenges being faced by NBF sector & capital markets in Pakistan. The conference was part of SECP's continuous efforts to improve overall business environment through consultative process, duly considering the local dynamics and international best practices.

The first two days were dedicated to NBF sector whereas on the last day dynamics and outlook of capital markets were deliberated.

The concluding session was chaired by Dr. Waqar Masood, Chairman of Securities and Exchange Policy Board. In the concluding session, specific recommendations emerged during the three days conference, in respect of each segment of NBF sector and capital markets were shared with the participants by the Chairman SECP. He assured that the Commission will deliberate in detail all the recommendations given by the participants, considering the interest of all the stakeholders.

The major recommendation for leasing sector included access to SBP's SME schemes to NBFCs, Financing by commercial banks to NBFCs for onward lending to SME sector etc.

With regard to Non-bank Micro Finance Institutions (NBMFIs), the formation of a consultative group comprising of industry participants and SECP was suggested for smooth transition of unregulated MFIs to regulated MFIs.

For housing finance sector, formation of a dedicated housing authority like Turkey & India was suggested. It was also suggested that government may not act as developers for low housing project rather incentivize private sector developers. The of low income housing sector may be declared as priority sector by Government. Formulation of regulatory regime for real estate developers by SECP and review of developers finance regulations by SBP was also suggested.

For Mutual Funds, major recommendations encompassed removal of tax anomalies, fiscal incentives to banks for distributing mutual funds and support by government and SECP for investors awareness program.

For Modaraba sector, Islamic banks' financing to Modarabas for onward lending to SME sector was one of the major recommendations. It was also suggested that regulatory framework may also be reviewed.

For the growth of capital markets, it was suggested to review Capital Issue Rules to encourage number of new listings. Further, it was recommended that the management and service quality of brokerage houses and aggressive marketing efforts may be made to improve perception of equity market. The brokerage houses must have minimum prescribed commission charges to ensure

their financial viability. Investor base may be increased to enhance liquidity and turnover of the equity market. For Pakistan's entry into MSCI, review of the framework for short-selling as well as lending and borrowing should also be carried out.

Dr. Waqar Masood, Secretary Finance and Chairman Policy Board, in his concluding address apprised the participants that economic indicators of Pakistan have improved significantly due to increase in local and foreign investment, lower inflation, decrease in current account deficit, higher foreign reserves and increase in foreign remittance.

He further emphasized the need for NBFCs to support the envisaged foreign investment which cannot be dealt with by commercial banks alone. He stated that huge amount is being invested in China Pak Economic Corridor (CPEC). It is an uphill task for the commercial banks to meet the financing needs of the CPEC projects, thus, necessitating the need for NBFCs to shoulder the responsibility by providing the requisite financial support. In the past NBFCs were performing well and the State Bank was extending its full support. Now, it is for the NBFCs to establish their place in the market. He expressed his confidence that Central Bank will continue to facilitate these NBFCs as it has been doing in the past.

He highly appreciated the efforts of Chairman SECP and his team for holding this timely conference and making it very successful and historic event.

He informed that recommendations made in this conference would be reviewed and duly considered by the SECP Policy Board for further submission to honorable Finance Minister. The requisite fiscal reforms, if any in light of these recommendations would be introduced in the upcoming federal budget, he stated.