



SECP to increase its enforcement capacity by 200%

ISLAMABAD, January 24: There is a strong need for strengthening of regulatory environment in Pakistan for the development of a modern corporate sector, Chairman, Securities and Exchange Commission of Pakistan (SECP), Muhammad Ali said while addressing a press briefing at the SECP head office on Thursday.

Briefing the journalists, the SECP chairman said that it has been decided to increase the SECP's capacity of enforcement by 200%. He said that on-site inspection of all licensed entities including brokers would be conducted annually and offsite monitoring on a quarterly basis. This will increase transparency, investor confidence and foreign portfolio investment.

In the past the SECP took action against defaulters by filing criminal complaints and sometimes referring those cases to the NAB. However, in order to ensure compliance with all the relevant statutory requirements, it is necessary that offsite monitoring and onsite inspections should be regularly conducted for all licenses/licensed entities.

In order to have effective enforcement and to adopt the best international practices, the SECP has decided that the following divisions/departments will conduct offsite monitoring once in each quarter and onsite inspection once in a year of each of their licensee/ licensed entities as a policy with effect from July 1, 2013:

1. Specialized Companies Division
 - (a) Asset management services (27)
 - (b) Investment advisory services (23)
 - (c) Investment finance services (7)
 - (d) Leasing business (13)
 - (e) Housing finance services (1)
 - (g) Voluntary pension schemes (6)
 - (h) REIT management services (2)
 - (i) Private equity and venture capital fund management services (3)

The maximum penalty for the refusal of inspection is up to Rs 50 million as well as cancellation and /or suspension of the license.

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2. Securities Market Division
 - (a) Stock exchanges (3)
 - (b) Commodity and futures exchange (1)
 - (c) Depository companies (1)
 - (d) Clearing companies (1)
 - (e) Stock exchange and commodity exchange brokers and branches (254 +176=430)
 - (i) Credit rating companies (2)
 - (k) Debt securities trustees (15)

The scope of items j and k to be limited to the law being administered the SECP.

The maximum penalty for the refusal of inspection is up to Rs 100,000 and suspension of the license.

3. Insurance Division
 - (a) Insurance companies (68) (active insurance companies are 49)
 - (b) Insurance brokers (6)

The maximum penalty for the refusal of inspection is up to Rs 1 million

In response to question about the impact of CGT regime, Mr. Ali said that market capitalization before the amended CGT regime was implemented was Rs2,945,784 million. However, market capitalization by December 2012 was Rs 4,242,278 million, i.e.' an increase of 44%.

Tickers:

- The Securities and Exchange Commission of Pakistan (SECP) has decided to increase the SECP's capacity of enforcement by 200%. SECP chairman
- Market capitalization before the amended CGT was implemented was Rs2, 945,784 million. However, market capitalization by December 2012 was Rs 4,242,278 million, i.e.' an increase of 44%: SECP Chairman
- Improved enforcement will result in greater transparency and enhanced investor confidence.

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