



Press Release

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For immediate release

SECP's Consultative Group for establishment of a settlement guarantee fund

ISLAMABAD – April 23: The Consultative Group, constituted by the Securities and Exchange Commission of Pakistan (SECP) has agreed on the need for introducing important structural reforms for market infrastructure institutions, including attainment of central counterparty status by the clearing house and establishment of a settlement guarantee fund to ensure a robust and efficient risk and default management regime in accordance with the best international practices.

The Consultative Group, which was formed to recommend the way forward for the development of capital markets in Pakistan, held its first meeting in Karachi. It deliberated on various matters pertaining to development of the capital market. During the discussions, various proposals and suggestions were also put forward by the group members regarding market development and restoration of investor confidence. There was a consensus among the group members for the need to step up efforts on market development initiatives for promotion of various market segments.

During the meeting, it was emphasized that SECP, as the apex regulator, and the stock exchanges, as frontline regulators, shared the same vision of making Pakistan's capital market a vibrant, transparent and effective regional market. It was further highlighted that the SECP had embarked on a comprehensive reforms agenda for the capital market, which would require extensive efforts and support from other stakeholders for effective implementation.

In order to restore investors' confidence and to minimize chance of misuse of investors' assets, it was agreed that necessary measures should be taken to ensure segregation of clients' assets from brokers' assets. Also, investor education and outreach were chalked out as important areas for coordinated efforts by all stakeholders, considering the meager quantum of general public which invests in the capital market. It was also stressed that the true intent and essence of demutualization and corporatization needed to be achieved to take the capital market forward and attract international investors of good stature for the benefit of the market and the economy.

It was agreed that sub-groups and committees would be formed to deliberate on and analyze various developmental areas and projects. Furthermore, the participants agreed on the need for closer cooperation and coordinated efforts by regulators and market participants to achieve the above objectives.

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