



Press Release

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For immediate release

Senate committee reviews Draft Securities Bill 2015

ISLAMABAD, January 29: The Standing Committee of Senate on Finance, Revenue and Economic Affairs, Statistics and Privatization held a session on Thursday to discuss the Draft Securities Bill 2015. The meeting was chaired by Senator Nasreen Jalil.

Mr. Zafar Hijazi, Chairman, Securities and Exchange Commission of Pakistan (SECP), Mr. Zafar Abdullah, Commissioner Securities Market Division (SMD), Mr. Imran Iqbal Panjwani, Executive Director, SMD, and other senior officials of SECP were present in the meeting and responded to various questions.

The draft bill aims to remove the deficiencies and gaps in the 1969 SEO, and seeks to streamline the patchwork in this law. It will provide a detailed and comprehensive regulatory structure which, includes provisions for prescribing eligibility criteria for licensing of all market intermediaries including the stock exchanges, the clearing company, the central depository company, stock brokers, agents of stock brokers, underwriters, balloters, transfer agents etc.

It provides requirements for prescribing fit and proper criteria for all entities licensed under the act and for ensuring compliance with the same on a continuous basis. It also provides for a more effective enforcement regime. It also grants powers for strict disciplinary actions in cases of violations of law, including full range of penalties.

The proposed law also has detailed provisions relating to the duties and responsibilities of stock exchanges, central depository and clearing houses; insider trading offence and disciplinary actions thereof; powers to make regulations for anti-money laundering; enabling provisions for prescribing code of conduct for brokers, securities advisors and analysts.

Mr. Hijazi informed the committee about the resolve of the apex regulator to ensure fair and transparent market and protection of interest of investors. He said that there would be no compromise on the investors' interests and there would be zero tolerance for market misconduct and unfair trade practices. In order to effectively discharge its regulatory role the SECP has strengthened its enforcement functions by increasing the size of the market surveillance team and upgrading its infrastructure.

Mr. Zafar Abdullah on a question about insider trading explained related provisions under the law. While responding a query about risk management mechanism, he explained the current structure in place at the stock exchanges.

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At present securities market is being regulated by the SECP under the 1969 Securities and Exchange Ordinance, Mr. Panjwani explained. In order to encapsulate developments especially post demutualisation, in the securities market over a period of time, to introduce the best international practices and incorporate the IOSCO principles of securities regulations, it is important that 1969 SEO be replaced with a comprehensive modern and all-encompassing law.

Mr. Panjwani also mentioned some recent reforms initiated by the SECP, which includes a regime of “assets under custody” whereby a broker shall be allowed to keep client assets only up to 25 times of its capital adequacy level.

The committee appreciated the SECP’s efforts and expressed its full support to the apex regulator in bringing about requisite changes in the regulatory framework. It decided to hold next meeting on the subject at the SECP’s head office.

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