

Press Release

SEC Constitutes Task Force to Investigate Stock Market Crisis

Islamabad – April 2, 2005: The Securities and Exchange Commission of Pakistan (SEC) has constituted a Task Force to independently study, examine and review the factors contributing to the recent events in the stock market and to suggest measures for the promotion of market stability, transparency, restoration of investor confidence and enhancement of investor protection. The Task force is headed by former Federal Tax Ombudsman and judge of the Supreme Court Mr. Justice (Retd) Salim Akhtar and has Dr. Mohammad Zubair Khan, Mr. Shahid Hafiz Kardar and Mr. Sultan Allana as its members. Mr. Adil Naeem Khan will act as Secretary to the Task Force.

The Task force has given a mandate to identify the causes for the current market situation, analyze the role of various market participants in bringing about the recent stock market events, investigate the allegations of market manipulation, insider trading and other market abuses, examine the role of frontline and apex regulator in the recent market situation and review the impact of discussion by market participants, including research analysts together with media in the recent events.

The Task Force would recommend regulatory and operational reforms for market for the efficient monitoring and accountability of the market participants and would also propose measures for strengthening and consolidating the regulatory regime particularly with a view to enabling emergency intervention, preventing systemic risk and promoting market stability.

The Task Force is authorized to form sub-committees, co-opt such members and appoint such auditors or other professionals, obtain information and documents, require attendance of any persons, commission audits of the stock exchanges, brokers and financial intermediaries and generally inquire into and investigate any matter having any bearing on the recent market events. The Task Force is vested with all the powers necessary for the fulfillment of its mandate.

The Task Force would submit its report within thirty (30) working days from the date of its first meeting.