

Press Release

SEC Gives Presentation to NA Committee on Finance and Revenue on Stock Market Situation

Islamabad – August 15, 2005: The Securities and Exchange Commission of Pakistan (SEC) appeared before the National Assembly's Standing Committee on Finance and Revenue in continuation of its earlier meeting held on 3rd August 2005. The SECP gave an in-depth presentation on the causes of the rise and fall of the stock market in March, its observations on the report published by the Task Force and the measures taken by the SECP to ensure the wider interest of the market and the investors.

The Chairman of the SEC, Dr. Tariq Hassan highlighted that the "SEC is committed to promoting investor confidence and enhancing the integrity of the market." He also pointed out that in the last few years the SEC has introduced wide ranging capital market reforms in the fields of risk management, governance, transparency and investor protection. He said that currently, second generations reforms were underway, which include the demutualization of exchanges, phasing out of COT/Badla and the closure of group accounts (which was successfully achieved on 30th April, 2005), all aimed at structurally reforming the markets so as to minimize the possibility of abuse.

With regard to the report of the Task Force, he stated that the SEC has begun the process of further strengthening the regulatory framework by amending existing laws and development of new laws, such as the Securities Act, Futures Act and the Financial Services Act.

The SEC has already initiated actions and further investigation into cases of market abuse. On 9th August, the SEC imposed a penalty on Alfalah Securities for involvement in insider trading. The Chairman assured the committee that the SEC is making all possible efforts to conduct effective investigations and enforcement in accordance with the due process of law.

The Standing Committee of the National assembly further decided to constitute a five-member sub-committee to review the observations and recommendations of the Task Force and to suggest amendments in the relevant laws so as to strengthen the SEC's monitoring and enforcement abilities.