

## **Press Release**

### **SEC Prepares Draft Commodity Exchange and Futures Contract Rules**

**Islamabad – December 30, 2004:** The Securities and Exchange Commission of Pakistan (SEC) has prepared the draft Commodity Exchange and Futures Contract Rules, 2004 in consultation with the National Commodity Exchange Limited.

The Rules have been placed on the SEC's website for soliciting public opinion within sixty days.

The Rules are framed to effectively govern and regulate the affairs of a commodity exchange, which, among other things, will serve to provide mechanism of hedging and price discovery to the market participants and to the public in general.

Under the Rules, the commodity exchange will be registered with the SEC before functioning as an exchange or dealing in any commodity futures contract. The SEC will be authorized to suspend or cancel registration if a commodity exchange violates law, or neglects to so act, or otherwise fails to carry on its business in the interests of the capital market.

The commodity exchange will need prior approval of the SEC before making regulations. No person shall act as a broker to deal in the business of effecting transactions in commodity futures contract unless he is registered with the SEC in accordance with these Rules.

Every commodity underlying the futures contract shall be registered with the SEC. The exchange shall not trade in any commodity without prior approval of the SEC. Moreover, every standardized commodity futures contract will also be registered with the SEC.

The draft Rules are available on the SEC website, [www.secp.gov.pk](http://www.secp.gov.pk)