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**Chairman Inaugurates Investor Account Services at Central Depository Company, Islamabad.**

Mr. Khalid A. Mirza, Chairman of the Securities and Exchange Commission of Pakistan (SEC) has said that investor protection is the primary objective of SEC and all reform measures – both regulatory and operational – are directed towards achieving this objective. The establishment of Central Depository Company (CDC) was a part of the same long chain of measures initiated by the SEC during the last two years.

Mr. Mirza was speaking at the inauguration of Investor Account Services at the CDC office in Islamabad on Thursday. He said that CDC was initially conceived as having stock exchange members and institutions as its participants. Individuals and general investors were to access the CDC through sub-accounts maintained with brokers or institutions that were participants in CDC. Later, 2-3 years ago – partly in response to complaints of mishandling of sub-accounts by some brokers – individual investors were given the option to open accounts directly with CDC. This started with Karachi and later the facility was made available in Lahore. “I am glad to see this facility will now be provided at Islamabad and thus cater to the Northern Parts of the country. CDC is expected to be geographically neutral, and therefore, must have full services in Karachi, Lahore and Islamabad”, he added.

Central Depository System (CDS) is an electronic book entry system to record and transfer securities (such as shares, TFCs etc.). Electronic book entry means that the securities do not physically change hands – the transfer of securities from one party’s account to another is completed electronically.

The sponsors of CDC are Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange Guarantee Limited, Citibank Overseas Investment Corporation, Muslim Commercial Bank Limited, Habib Bank Limited, National Investment Trust, Investment Corporation of Pakistan, Pakistan Industrial Credit and Investment Corporation Limited, International Finance Corporation, and Islamabad Stock Exchange Guarantee Limited. CDC is regulated by the Securities and Exchange Commission of Pakistan.

The SEC Chairman noted with satisfaction that CDC has worked well. Besides listed companies, investors should also make use of excellent facilities and the transparent accounts of their holdings in stocks. “Investors must note that CDC has in safe custody Rs. 16 billion worth of securities regarding which there has been, to my knowledge, no problem. And the custody charges for investors are half those charged to institutions”, he added. He however advised CDC to further strengthen regulatory aspects of its work to ensure that investors were fully protected. He suggested: CDC must discipline brokers and institutions that mishandle sub-accounts of clients, in co-operation with the SEC; CDC must embark upon an investor protection awareness program through workshops, published material, TV appearances etc.; it must start a formal certification program for brokers as part of its admission criteria so as to ensure regulatory compliance – as is the case in many countries, including India; it needs to rationalize its charges to ensure that it is a robust, commercial organization.

Highlighting SEC's reforms and regulatory efforts, Mr. Khalid Mirza said that the Commission had entered the second phase of its reforms agenda. Besides consolidating the first phase, the Commission was now concentrating on corporate governance, enforcement of corporate laws, the insurance sector and the accounting profession. The Commission was trying to persuade ICAP to take decisive steps to improve the profession and its image. "The Commission is by no means targeting the accounting profession directly", he said, adding that the Commission's over-riding concern and responsibility for the capital market is for protection of the investors. All steps taken by the Commission recently were directed towards enhanced disclosure, transparency, dissemination of material information in timely fashion, and ensuring the accuracy of financial statements as well as public confidence in them. It is my fervent hope and prayer that the accounting profession also takes unequivocal steps in this respect at the earliest. The Commission doesn't have the luxury of waiting forever", he added.

Earlier, Mr. Najam Ali, Chief Executive Officer, CDC, who had invited Mr. Mirza to be the chief guest welcomed him.