

**May 17, 1999 Securities and Exchange Commission of Pakistan holds a seminar to elicit comments from users on the proposed National Clearing and Settlement System (NCSS).**

Securities and Exchange Commission of Pakistan has held a Seminar on National Clearing and Settlement System (NCSS) on May 15, 1999, at Karachi Stock Exchange Auditorium, to elicit views and comments from the users of proposed NCSS. It may be re-called that M/s. Arthur Andersen, UK have been entrusted to carry-out different studies under a Programme Loan from Asian Development Bank. One of the studies concerns Development of NCSS. In this regard, the Consultants had proposed a number of design and structural alternatives to the SECP. In order to ensure that the NCSS selected from the alternatives, conforms to the needs of the present and prospective users, the SECP decided to obtain views from the concerned parties. Holding of a seminar was considered a good option to exchange views and firm up conclusions regarding alternative arrangements. The following design alternatives came under discussion in the Seminar:-

- (i) Full week of trading; balance orders with bi-lateral netting
- (ii) Half week of trading; balance orders with bi-lateral netting
- (iii) Full week or half week of trading; balance orders with multi-lateral netting; with deliveries of CDC eligible issues to/from National Clearing Company
- (iv) Rolling T+3 settlement; balance orders with bi-lateral or multi-lateral netting; with deliveries of CDC eligible issues to/from National Clearing Company.
- (v) Rolling T+3 settlement; Continuous Net Settlement (CNS) for CDC eligible issues, Trade for trade settlement for non-CDC eligible issues

Besides above, a number of structural alternatives to operate the proposed NCSS were also presented before the participants for deliberation. The structural alternatives discussed in the Seminar included:-

- (a) National Clearing Company; Operates the NCSS; Owned by Stock Exchanges; Separate board; Separate management
- (b) National Clearing Company; Operates the NCSS; Owned by Stock Exchanges and others; Separate board; Separate management.
- (c) ational Clearing Company; Operates the NCSS ;Owned by Stock Exchanges and others; Shared management/facilities with CDC

(d) Central Depository Company; Operates the NCSS; Ownership by Stock Exchanges and others; Board as currently elected; Current management/facilities expanded as required

Mr. Andy Anderson, a member of Arthur Adersen Consultants' Team, conducted the Seminar. He explained details of the system and advantages and dis-advantages associated with each of the design and structural alternatives.

In the concluding sessions, participants were asked to comment on the alternative arrangements. Mr. Anderson answered the queries raised by the participants to clarify the mechanics of the system and to alleviate the fears of the users.

The participants were also asked to furnish their views concerning the NCSS, in writing, by May 20, 1999, to help the Consultants arrive at a final conclusion regarding the NCSS to be recommended for Pakistan.