

SECP seeks feedback on changes to Securities Rules

ISLAMABAD – October 7: The amendments to the Securities (Leveraged Markets and Pledging) Rules, 2011, which were submitted by the Securities and Exchange Commission of Pakistan (SECP) for approval of the federal government, in August 2011, have been received back by the regulator after being vetted by the Law and Justice Division.

The SECP has sent the proposed amendments for publication in the official gazette and has also put them on its website (www.secp.gov.pk) to solicit public opinion, which can be mailed directly to securities.rules@secp.gov.pk by November 5.

The Rules, which were promulgated by the federal government in February 2011, prescribe a broad regulatory framework for Margin Financing, Margin Trading, and Securities Lending and Borrowing. These products were launched by the National Clearing Company of Pakistan as the authorized intermediary, in March 2011. The purpose of introducing these leverage products has been to help boost the trading activity in the market and to meet the financing needs of the capital market while providing retail investors with an easy access to financing against shares.

Recently, on the recommendation of the Karachi Stock Exchange and in consultation with the stakeholders certain amendments have been proposed to the Rules to remove practical difficulties and to encourage activity in these products. The amendments will be promulgated by the federal government upon the completion of the consultation process.