



Securities and Exchange Commission of Pakistan
Internal & External Communications Department

PRESS RELEASE

FOR IMMEDIATE RELEASE

LIFTING OF FLOOR AT THE STOCK EXCHANGES

ISLAMABAD – DECEMBER 11, 2008: Over the past three months, stock exchanges had imposed floor price levels. Despite best efforts, the market support fund, and other instruments like ‘put option’ could not be brought into operations so as to provide a soft landing. The matter has been considered thoroughly by the Commission and it finds no reason that the floor level as imposed be continued. The Commission has decided to restore the normal functioning of the stock exchanges.

A directive, that is reproduced below, has been issued today to all the three stock exchanges directing the exchanges to lift the floor price levels w.e.f December 15, 2008.

Directive under the Securities & Exchange Commission of Pakistan Act, 1997 (the “1997 Act”)

Whereas, the Board of Directors of Karachi Stock Exchange, decided to place a floor on closing prices of securities effective vide notice No. KSE/N-5061 dated August 27, 2008;

Whereas the Lahore Stock Exchange decided vide notice No. 2042 dated August 28, 2008 to place a floor on the closing prices of securities as on August 27, 2008;

Whereas the Islamabad Stock Exchange decided vide notice No. ISE/CIR/08/101 dated August 28, 2008 to place a floor on the closing prices of securities as on August 27, 2008;

Whereas the continuing restriction on the trade prices of the securities has adversely affected the ability of the market participants to manage their respective investments;

Whereas it is in the public interest to allow the securities markets to function without any hindrance in order to maintain the confidence of the investors;

Now therefore, I am directed to communicate that the Securities and Commission of Pakistan (“the Commission”) in exercise of its powers under section 40B read with paragraph

(a), (b) and (c) of sub-section (4) of section 20; and paragraph (b) and (g) of sub-section (6) of section 20 of the 1997 Act, hereby directs all three stock exchanges to remove the floor placed on closing prices of securities in terms of the aforementioned decisions of the stock exchanges, and to ensure that the securities market functions in the ordinary course without any restrictions, effective as of December 15, 2008.

It is hereby further directed that for a period of ninety days commencing December 11, 2008, the stock exchanges and their respective Boards of Directors shall not take any action which will interfere with the normal functioning of the stock exchanges and trading of securities, including but not restricted to the closure of the market or placing any restriction on the trade prices of securities, without consultation with and prior written approval from the Commission.

Sd.

Imran Ghaznavi (Head of Internal & External Communications/Official Spokesman)