

## Press Release

### **No Increase in Funding Cap for CFS Beyond Rs. 25 Billion**

**Islamabad – 22 September 2005:** The Securities and Exchange Commission of Pakistan (SECP) wishes to clarify that any speculation regarding an increase in the funding cap beyond Rs. 25 Billion for Continuous Funding System (CFS) is unwarranted.

CFS has been introduced as an interim measure to be replaced by alternative modes of financing within the next five months. CFS has been capped to prevent over speculation and to allow the development of other internationally recognized modes of financing such as margin financing, for which the SEC has provided the requisite regulatory environment and sought to facilitate the development of the product with the assistance of the State Bank of Pakistan.

The SEC has also constituted a committee to conduct a feasibility study for the introduction of various derivative products and for improving the structure of future contracts. This committee will submit its initial report in November and the products are expected to be launched as soon as possible thereafter.

CFS will be phased out with the development of new products and availability of alternative modes of financing. The situation will be reviewed in February 2006.