

KARACHI: Finance Minister Mohammad Ishaq Dar said on Friday that the government had established a 'Pakistan Development Fund' aimed at financing multibillion dollar infrastructure development projects in the country.

"We would soon be coming to the Pakistan Stock Exchange (PSX) to mobilise funds," he said, adding that the International Finance Corporation and others had indicated their interest in participating in the Fund. "We will continue to forge ahead with or without other partners for PDF which is a great indicator of Pakistan's progressive direction.

Mr Dar was speaking at a ceremony held to mark the signing of the Sale and Purchase Agreement (SPA) of 40pc strategic equity stake of PSX, with a Chinese consortium and local financial institutions. The consortium had won by placing the highest bid of Rs28 per share for 320 million shares at the total price consideration of Rs8.96 billion (\$85m) when the stake was put on the table in December. The consortium comprises the Chinese Financial Futures Exchange Company Ltd (lead bidders), Shanghai Stock Exchange, Shenzhen Stock Exchange, and two local partners Pak-China Investment Company and Habib Bank Ltd.

The PSX also plans to launch infrastructure bonds which would be predominantly used for the China-Pakistan Economic Corridor (CPEC) project. The minister talked at length about the improvement in economic indicators during the term of the present government. "The economy should be delinked from politics," he urged with oblique reference to political opponents.

Mr Dar also referred to the Companies Ordinance, 2016, which was rejected by the Senate. Although conceding it was the prerogative of the parliament's upper house, he said the ordinance would have forced citizens to declare their assets abroad. "It might take another 3-4 months for it to become law or we can get the ordinance approved during a joint session of parliament," he asserted.

Mr Dar said the strategic agreement with the Chinese consortium was a 'dream come true for him'. Besides being the best market in Asia and fifth best among global bourses in 2016 on the basis of returns, the PSX had after the divestment graduated to 'regional market', he said. He expressed the hope that the decision by the Chinese consortium to venture into Pakistan's capital market would bring benefits to both sides.

"Divestment will result in institutional shareholding, experienced ownership and good governance for PSX which will translate into organised and robust development of the exchange," he affirmed.

Divestment, he said, would also result in reduced conflict of interest, strengthening of governance and new product development and opportunities for technological partnership. Appreciating the role of regulators in the successful conclusion of divestment, he said that the regulators must carry on the reform agenda.

Chinese Ambassador to Pakistan Sun Weidong said the occasion marked a new step in all-round cooperation between the two countries. “It is a win-win situation for both sides,” the ambassador said and added that the partnership would assist in financial integration, investment financing and generate credit for CPEC. “It comes at a significant moment when we are pushing forward CPEC to deepen cooperation and sustainable development in China-Pakistan all-weather friendship.”

Hu Zhang, chief executive officer of the Chinese Financial Futures Exchange, said the strategic deal was completed after over eight months of negotiations and it was now off to a good start. “The deal has the blessings of China Regulatory Commission (CRC) as it lays foundation for tomorrow,” he said. He read out a message of the CRC chairman who called the deal a manifestation of deeper relationship and a step for strengthening China-Pak economic relationship.

Securities and Exchange Commission of Pakistan chairman Zafarul Haq Hijazi observed that the partnership with the Chinese consortium would be crucial in bringing the governance and regulatory structure of the exchange on a par with global standards. “The investors will bring improved governance, state-of-the-art technology, managerial experience, investor base and listing and product development opportunities, thereby increasing visibility and improving marketability of PSX,” he hoped.

Others who spoke included State Bank Governor Ashraf Mahmood Wathra, PSX chairman Muneer Kamal, PSX divestment committee chairman Shehzad Chamdia and former PSX chairman Arif Habib.