

PRESS RELEASE

For immediate release

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SECP measures for capital market stability

ISLAMABAD, May 17: The SECP Chairman and Commissioner (Securities Market Division) along with his team, met with capital market stakeholders, including the senior management of Pakistan Stock Exchange, National Clearing Company of Pakistan Limited, Central Depository Company of Pakistan Limited, representatives of broker community, Mutual Funds Association of Pakistan and insurance companies.

During the meetings, the existing capital market trend and issues faced by market participants were discussed in detail. The participants highlighted the practical problems being faced in executing blank sales in the deliverable futures market, and it was agreed that the regulatory requirements would be reviewed in the light of international practices to resolve any genuine concerns, address practical issues and to ensure more accurate dissemination of relevant information to the stakeholders. As a consequence of the meetings, the SECP got the issue of trade modification charges in the deliverable futures market resolved.

The participants also highlighted the need for a capital market support fund, which can assist in bringing desired liquidity to the market and restore investor confidence. It was noted that performance of stock market is closely linked with macroeconomic factors and once economic stability measures are in place it is expected that the same would have a positive impact on the capital markets.

Participants appreciated the Listed Companies (Buy Back of Shares) Regulations issued by the SECP for public consultation and opined that such legal reform is in the interest of stakeholders, would provide additional avenues for capital management and in line with best practices across the globe. The SECP Chairman said that the regulations are under review in the light of feedback received from market participants and assured that the final regulations would be expeditiously disseminated to the market.

The Chairman also informed the participants that a Shariah-compliant financing product with the name of Murabaha Share Financing is being finalized. It was noted that Shariah-compliant segment has tremendous potential and the subject product would assist in promoting and developing this key sector of the market.

The Chairman assured the market participants of his continued support in introducing reforms for supporting growth and stability in the capital markets.