



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

## **PRESS RELEASE**

For immediate release

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### **SECP issues draft Collateral Management Companies Regulations, 2019**

ISLAMABAD, July 3: In order to promote electronic trading and warehouse receipt financing of agricultural commodities, the SECP has formulated draft Collateral Management Companies Regulations, 2019 under the Companies Act, 2017.

Any public limited company with an equity of Rs 200 million or higher will be eligible for seeking permission of SECP to register as a Collateral Management Company.

Collateral management companies will provide storage and preservation services for a range of agricultural commodities and will issue credible warehouse receipts for agricultural commodity financing. Additionally, these companies will carry out stock audits, as well as accreditations and inspections of warehouses. Such accreditations will be based on an evaluation of relevant documents including, but not limited to, an evidence of ownership/lease documents of warehouse, certificate of compliance of warehouse with the applicable local laws, security and insurance arrangements, and presence of all necessary equipment for loading/unloading, weighing, drying and handling commodities.

Benefits of a well-designed collateral management system include access to credit for farmers, reduced post-harvest losses thereby leading to improved profitability for farmers, and reduced risks for creditors through secured collateral.

The SECP has placed the draft regulations on its website ([www.secp.gov.pk](http://www.secp.gov.pk)) and invited feedback from stakeholders by July 17, 2019.