



## PRESS RELEASE

**Third South Asian Capital Markets Conference,  
And the Future Agenda of the  
South Asian Federation of Exchanges (SAFE)**

South Asian Federation of Exchanges (SAFE)-a representative organization comprising mainly of the stock & commodity exchanges and other depository & clearing institutions of the South Asian region held its flagship conference "South Asian Capital Market Conference" at Mauritius from Apr 22-25, 2010. The conference was organized on the theme of 'Expanding Asset Classes & Growth Opportunities in South Asia', which was aimed at modernizing the SAARC capital markets, and for promoting the portfolio investments in the region.

The conference was quite successful as it was not only well attended from a host of global and regional players associated with the investment industry, but also by many other important institutions from Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka such as the representatives from Chittagong & Dhaka Stock Exchanges, the Royal Securities Exchange of Bhutan, FT India related exchanges such MCX, MCX-SX, GBoT, Bourse Africa and the exchange domain systems, the Securities & Exchange Board of India, Nepal Stock Exchange, Capital Market Development Authority of Maldives, and the Securities and Exchange Commission of Sri Lanka etc.

As the focus of the conference was to present the region as an investment destination of choice for the global investors, therefore the presence of a large number of institutions and professionals enabled our the region to show case the strengths of our capital markets in a very meaningful and positive way. This led to quite an interest in the regional markets from all those who attended the conference including the global, African and Mauritius based companies and investment houses.

It may be mentioned that SAFE is a SAARC recognized body which was accorded this status through the decision of the 27<sup>th</sup> Council of Ministers during Dec 2007. In line with the objectives of SAARC, the Federation stands to promote regional harmonization for all the stock and commodity markets of the area. Founded in 2000 under the initiative of Chittagong stock Exchange, SAFE now comprises of 17 stock & commodity exchanges, 5 clearing & depository institutions and one affiliate member. The Secretariat of the Federation was moved to and established on permanent basis at Islamabad, Pakistan during 2005, and since then the Federation has grown from strength to strength. The major objectives of the Federation include the promotion of co-operation amongst the Members in order to develop the respective capital markets and to work towards common standards for listing, trading, clearing, settlement & investors' protection and best business practices in the region's securities markets.

The agenda for promoting cooperation and development of the regional stock markets has also been under the consideration of the SAARC Secretariat for some time. In the recent past, the SAARC Finance Ministers during their Second Meeting held in New Delhi, India on September 15, 2007, had considered the recommendations of the SAARC Finance Secretaries and asked the SAARC Secretariat to look into the subject

of 'the management of the stock exchange systems and regulation of the securities markets'. Accordingly, SAARC Secretariat organized a Colloquium on this subject during Apr 21-22, 2008 at the SAARC Secretariat, Katmandu, Nepal, and prepared a report for the consideration of **Inter-governmental Expert Group**. In this report, the SAARC Secretariat stated that the Colloquium had identified the matter of initiating a study for the codification of the differences in the securities laws and regulations in various member countries of the region. The Colloquium had also recommended that the study would reference the securities regulations of each of SAARC member countries with the international benchmark standards of G-30 recommendations and IOSCO principles. The Colloquium had also recommended that subsequent to this exercise, the SAARC Secretariat may undertake the process of bringing in the necessary harmonization of the securities laws and regulations in the region. Besides this, the Colloquium had also recommended that each country should develop their own Institutes of Capital Markets so as to develop the skills and know how of all those involved in the business of the securities markets of the respective countries, and then a regional institute may be set up for certifying qualifications from the member countries on uniform standards.

In this backdrop, while it is quite clear that the SAARC Secretariat had been instrumental in advocating an increase in cooperation between the stock markets of the region, however no fruitful results have been achieved so far on this front. Furthermore, the regional regulators, who coordinate their efforts through the 'South Asian Securities Regulators Forum,' have also not decided on the 'things to do' items for the regional integration because of which the goal of achieving standardization in the regional securities regulations has not been achieved. Side by side with this, the region has not seen the kind of liberalization in the capital control policies which could have afforded the easy flow of portfolio investments within the region. As progress on both of these factors is quite critical, therefore no meaningful progress can be achieved with regards to the opening of the economies of the region for facilitating the integration of the financial services industry of the SAARC union without the involvement of these two prime regulators of the financial services industries.

On the other hand, SAFE is slowly engaged in expanding the mutual and bilateral cooperation between the stock & commodity markets of the region as can be seen from the progress that it has achieved during the initial ten years of its progress. During all these years, SAFE has grown from a handful of members to a total of 23 members today, has introduced a distinct regional index under the name of Dow Jones SAFE 100 index, has advocated and promoted the regional investments and has also come up with different models for the integration of our markets. However, as all of such efforts need the constant support from both the SAARC Secretariat as well as the regional governments/regulators for achieving meaningful results. The lack of such support in the past has resulted in the wastage of some of the very important initiatives of SAFE as neither SAARC nor the regional governments/regulators have patronized and prioritized such initiatives undertaken by SAFE. One such example of the wastage of the Federation's efforts has been the lack of adoption of the study on 'the model listing standards for the region'. This study was conducted and finalized with the technical assistance from a World Bank affiliated donor agency to SAFE); however its non-adoption by the regional policy makers underscores the point that more is needed to be done both by the SAARC Secretariat as well as the regional governments/regulators. Until and unless the agenda of SAFE is adopted by both the regional governments and the SAARC Secretariat, the goal of ultimate integration of the region's capital markets cannot be achieved.

On the sidelines of a very successful conference, SAFE also held its annual Executive Committee as well as the general body meetings. While part of the agenda for these meetings related to the selection of the new office bearers-such as the election of Mr. Joseph Massey as the Chairman and the reaffirmation of the appointment of Mr. Aftab Ahmad Ch., as the Secretary General for the Federation, however during both of

these meetings SAFE also took stock of its performance and achievements during the last ten years and approved plans for the next ten years period in the time intervals of short, medium and long term horizons. These meetings decided that SAFE would achieve certain short term objectives till the end of Dec 2011; medium term objectives by the end of Dec 2014; and long term objectives by the end of Dec 2020. These objectives range from the creation of a distinct corporate identity for SAFE to the ultimate harmonization/integration of our capital markets. Besides these objectives, SAFE also aims to get the apex body status of SAARC, and intends to align its efforts with the agenda of the SAARC Heads of States meetings so as to get maximum support for its initiatives. Considering the objectives of SAFE, it is highly recommended that the governments of the region provide all out support to its initiatives so as to enable the region to reap maximum benefits from such integration so that our markets and the economies can grow collectively.

Given the political atmosphere and the situation of our region, the time period of next ten years for the integration of our capital markets may appear to be an ambitious target, but as long as SAFE continues to work with the same zeal and devotion, the goal may well be within its reach. All that is needed is the constant support of the SAFE's initiatives and programs by the SAARC Secretariat and the regional governments during the next ten years of our lives ahead.



Seen in the picture are (L to R) Mr. Zaffar sheikh MD-National Saving Pakistan, Dr. Bandiram Prasad, President-FTKMC India, Mr. Adnan Afridi MD-KSE, Mr. Joseph Massey MD-MCX India (also new Chairman SAFE) and Mr. Aftab Chaudry Secretary General SAFE.