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SECP CHAIRMAN VISITS PAKISTAN STOCK EXCHANGE AND MEETS PSX BROKERS

(Karachi: Monday, April 25, 2016): The Chairman - Securities and Exchange Commission of Pakistan (SECP), Mr. Zafar Hijazi today visited the Pakistan Stock Exchange Limited (PSX) and held meetings with the PSX brokers.

During his visit, the Chairman SECP expressed SECP's commitment towards playing its role as a facilitator as well as a regulator for the Pakistani capital market. He emphasized SECP's consensus-based decision-making approach and assured the participants of the meeting that SECP will maintain close interaction with market participants on all important matters in future as well. He quoted the recent integration of stock exchanges, formation of Consultative Group and committees formed on proposed broker regime, derivatives market development and MSCI related matters as examples of this consultative approach. He further stressed that SECP will continue its best efforts to ensure that the image of the Exchange and rights of market participants are safeguarded and they are not subjected to undue pressure by any external agency. It was also pointed out that it was the collective responsibility of regulators and market participants to ensure that market's integrity is safeguarded and any kind of unwarranted statements in media which could dampen investor confidence should be discouraged.

It was also communicated that the concept of Self-Regulatory Organization was being introduced through the SECP Amendments Act for establishment of a Federal Level Stock Brokers' Association to provide the brokers with a recognized platform for protection of their rights and to promote high standards and professionalism among them. The Chairman SECP also expressed SECP's resolve in empowering SROs and strengthening their market oversight for better discharge of their duties as frontline regulators. He briefed the participants that SECP and PSX share the vision of a robust and competitive capital market which would help make Pakistan the choicest investment destination in the region. For this purpose, a number of initiatives such as creation of capital market hubs and expansion of capital market outreach are being implemented. He also mentioned Pakistan's improvement in compliance with global benchmarks specifically IOSCO Principles and the recent inclusion of Pakistan in Annual Market Classification Review by MSCI for a potential reclassification to MSCI Emerging Markets which bear extreme importance for Pakistani economy and investment prospects.



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Addressing the PSX brokers on the occasion, SECP Chairman briefed that a revised regime for securities brokers is in the pipeline, which is being drafted with a view to ensure business continuity of existing brokers with least disruption, and will be introduced in a phased manner over an extended period. He assured the brokers that the regime was focused on bringing our markets on par with international jurisdictions, rather than creating business obstacles. He briefed that the SECP is also continuously engaged with the Federal Government and tax authorities for introducing fiscal reforms for the capital market.

He also touched upon the economic turnaround being experienced by Pakistan owing to the Government's investor friendly and economic liberalization policies, including the China Pakistan Economic Corridor and improvement in credit and dollar bonds ratings by international rating agencies. He stressed that investor protection is the key aspect of SECP's reform agenda and expected reforms such as introduction of central counterparty supported by settlement guarantee fund will achieve the same by strengthening default and risk management. While talking about product and market development, SECP Chairman communicated that work is in pipeline for measures aimed at generating liquidity and creating market depth, especially in derivative, leveraged and debt capital markets. In his concluding remarks, SECP Chairman reassured the participants of SECP's commitment towards market development, business viability of brokerage industry and image building of Pakistani capital market, especially given the expected divestment of PSX shareholding to strategic investors.

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