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Chairman Safe

Opening Remarks

It gives me immense pleasure to welcome all of you to the Third South Asian Capital Markets Conference here in Mauritius. I'd like to thank all of you for taking the time out to attend this year's conference. I'd also like to extend a warm welcome to our Chief Guest – Mr. Ganapathy, High Commissioner of India to Mauritius.

The South Asian Federation of Exchanges is a forum launched in 2000 by the bourses of South Asia. SAFE has come a long way and our membership now comprises of 17 primary members and 5 associate members.

The South Asian Capital Market Conferences were conceived a few years ago with the aim of providing a platform to the SAFE member exchanges, industry representatives and capital market professionals to meet each year with the major objective to discuss various opportunities and challenges facing our markets.

Another objective for organizing these conferences is to promote the spirit of cooperation, enhance interaction and transact the normal business related to our cooperative platform of South Asian Federation of Exchanges. Over the last few years, our participants in addition to being front line regulators have been apex regulators, central banks, mutual fund association representatives, brokerage houses and leading investment banks of the region. Moreover, despite

the security challenges that our region continues to face, I am glad that SAFE has made valuable progress in bringing the members of our Federation further together. Furthermore, I am delighted to state that despite the challenges that our region faces, the Federation continues to receive requests from interested parties for membership.

During the last year, SAFE launched the Dow Jones SAFE 100 Index in March, 2009. I am pleased to report that the Index has completed its first year of operation! SAFE is also actively working with regional exchanges and leading asset management companies to launch regular funds or ETF based products on the DJ SAFE 100 Index. Arif Habib Investments – a leading Pakistani asset management company is also likely to launch a fund “Dow Jones SAFE Pakistan Titans 15” which would track the performance of the most liquid 15 stocks included in the Pakistani component of the Dow Jones SAFE Index.

SAFE has also accorded ‘top priority’ to bringing securities regulations within the region in accordance with the standards outlined by IOSCO. Extensive discussions have already taken place at the SAARC Secretariat and various international donor agencies have also been contacted for technical assistance to kick start this project.

In line with our commitment to helping develop our regions markets, SAFE also initiated a study for the improvement of trading systems of Bhutan, Nepal and the Maldives. Post implementation of recommendations of the study will ensure live transmittal of trading data from these exchanges on a real time basis to international data vendors. Furthermore, after the first SAFE Country Roundtable in Karachi, delegations from Pakistan’s central bank and the National

Commodity Exchange visited some of the Indian Exchanges to learn how to implement a fully functional commodity eco system in Pakistan. We remain confident that such activities and contributions made by SAFE shall help our exchanges and the respective countries to create systems which bring a direct correlation between our markets and the real economies of the region.

This year's theme is Expanding Asset Classes: Growth Opportunities in South Asia. We will look at a number of asset classes – currencies, commodities, bonds, regular financial markets and what opportunities are currently present; what trends are expected and the challenges different markets in the region currently face and how we can as one entity overcome these challenges by learning from one another's experience.

A key challenge that our markets continue to face is related to effective regulation. With the introduction of new products, front line regulators and apex regulators need to adapt themselves as well as constantly update regulations to effectively regulate their market to maintain and run efficient and transparent markets for the investors. Furthermore, as Exchanges we need understand that our job is not complete once the product has been introduced but rather, through continuous feedback from market participants, we must change the product and its features to cater to our end customer – the investor. It is with this focus on the needs of the investors that we can develop truly investor's friendly markets.

There is also a sufficient need to focus on investor education – and ensure that investors at both the retail and institutional level understand the new products. Similarly, in order to boost savings and investments in the region, we need to invest a great deal on the spread of financial literacy

and promote the spirit of financial inclusion in the society. And one of the leading projects to have been given a go ahead from our confluence here in Mauritius is the launch of “Mass Campaign for Enhancing Financial Literacy/Inclusion” in the region. This project shall be launched with the help of a variety of stakeholders involved in providing the financial services to the common man such as banks, insurance companies, pension/mutual fund managers, stock & commodity exchanges etc. I am sure that all countries of the region will get substantial long term benefits from this campaign.

Our region is also blessed with the availability of unique exchange industry specific domain knowledge within the Federation, which makes us one of the best regions to exploit the potential of our internal synergies. It is this knowledge and expertise which can position our region as the best region to provide the most relevant knowledge and experience related to the exchange industry. Some of the unique attributes of our region’s specific exchange industry domain expertise are; the presence of a nationwide commodity eco system, the most liquid derivative market outside US and EU, reliable currency trading mechanisms, the experience of demutualization, well functioning energy exchange and the presence of very liquid markets in relation to the market capitalization. Although this list is not exhaustive, but these unique characteristics still point to the internal strengths that our region can export in terms of the exchange specific domain knowledge. The factors such as; rapid growth of economy and finance in India, the potential of higher growth in Pakistan, the peace dividend that Sri Lanka is likely to experience, the inclusive growth approach of Bangladesh, prospects for growth in Nepal, Maldives and Bhutan, etc., make the South Asian region a great prospect and promise for international investing community. South Asia has also close access to the regional financial

centres like Mauritius and the UAE, both of which are also members of SAFE, thus giving an opportunity to harness each other's potential.

It is in this backdrop that I continue to see the region as one of the best regions that is not only positioned to attract the foreign capital, but can also help our less developed member markets upgrade their services.

I'd also like to take this opportunity to thank all of our sponsors – our host exchanges the MCX SX, the Stock Exchange of Mauritius, Global Board of Trade and our knowledge partner FTKMC for helping us organize this event. I'd like to emphasize that without the support of our sponsors and the hosts, this event would not have been possible. I would particularly thank the conference organizing team members from SEM, GBoT, FTKMC, and the SAFE Secretariat for putting in a very hard work for this conference. I really appreciate their energies and the spirit of hard work for a job well done. My particular thanks to Dr. Bandiram Prasad, the CEO of FTKMC for his spirited leadership during the planning stages of the conference.

I hope that all of you will enjoy yourself at this conference and with your keen participation this conference will be a success!

Thank you.