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South Asian Federation of Exchanges moot held

MAURITIUS: South Asian Federation of Exchanges organised a four-day conference from April 22-25, 2010 with a title "South Asian Capital Market Conference" at Mauritius.

The conference had the theme of 'Expanding Asset Classes & Growth Opportunities in South Asia,' which was 'aimed at modernising the Saarc capital markets, and for promoting the portfolio investments in the region.'

South Asian Federation of Exchanges (SAFE) represents the stock and commodity exchanges and other depository and clearing institutions of the South Asian region.

Among others representatives from Chittagong and 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. attended the conference.



The focus of the conference was to present the region as an investment destination.

It may be mentioned that SAFE is a Saarc recognized body which was accorded with this status through the decision of the 27th Council of Ministers during Dec 2007.

The body is working to promote regional harmonisation among all stock and commodity markets of the region through promotion of cooperation amongst the members in order to develop the capital markets and to work towards common standards for listing, trading, clearing, settlement and investors' protection and best business practices in the region's securities markets.

SAFE comprises of 17 stock and commodity exchanges, 5

clearing and depository institutions and one affiliate member.

The Secretariat of the Federation is based in Islamabad.

In the recent past, the Saarc Finance Ministers during their Second Meeting held in New Delhi, India on September 15, 2007, had 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 organised a Colloquium on this subject during Apr 21-22, 2008 at the Saarc Secretariat, Katmandu, Nepal, and prepared a report for the consideration of Intergovernmental Expert Group.

The Colloquium had identified the matter of initiating a study for the codification of the

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differences in the securities laws and regulations in various member countries of the region. It 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. 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 standardisation in the regional securities regulations has not been achieved. The region has not seen the kind of liberalisation in the capital control policies which could have afforded the easy flow of portfolio investments within the region.

No meaningful progress has been 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. On the other hand, SAFE is slowly engaged in expanding the mutual and bilateral cooperation between the stock and commodity markets of the region. SAFE has introduced a distinct regional index under the name of Dow Jones

SAFE 100 index, advocated and promoted the regional investments and also come up with different models for the integration of markets. However, as all of such efforts need 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. One such example of the wastage of the Federation's efforts has been the lack of adoption of the study on 'the mode listing standards for the region'. On the sidelines of the conference, SAFE also held its annual Executive Committee as well as the general body meetings which 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 harmonisation/integration of regional capital markets.