

Newsletter



Volume I, March 2007



SOUTH ASIAN FEDERATION OF EXCHANGES

Developing Capital Markets through Regional Cooperation



**NEW
EXECUTIVE
COMMITTEE
OF SAFE**

**HIGHLIGHTS
OF EC
MEETING,
JANUARY 2007**

**NEWS FROM
SOUTH ASIAN
CAPITAL
MARKETS**

International Training Programme for Securities Market Professionals 2007



From 3rd to 7th Sep. 2007
Islamabad-Lahore, Pakistan

Last date for Registration
July 20, 2007

An ideal learning opportunity for securities market operators, fund managers, investors or other financial sector practitioners/regulators

Arrangements:

International Training Programme for Securities Market Professionals is being organised by SAFE in Islamabad and Lahore, Pakistan. Bombay Stock Exchange (BSE), the oldest Stock Market in Asia, and NIBAF, a subsidiary of the State Bank of Pakistan (SBP), shall act as co-organisers for the said Training Programme.

Professional Learning:

The 5-day study programme is aimed at capacity building of executives associated with various aspects of securities markets operations. The training programme is divided into five parts, beginning from the basics of securities markets and related entities and goes on to the discussion on the core areas of investment and financial planning.

Register now!

For Details and Registration, visit www.safe-asia.com/training or email to: training@safe-asia.com

Cultural Learning:

In order to promote cross-border relations, the programme also lays emphasis on cultural learning of the participants through various excursions to places of heritage and historic importance of Pakistan.



Organised by
**South Asian Federation
of Exchanges**

in cooperation with



**National Institute of
Banking and Finance
(NIBAF)**



BSE Training Institute (BTI)

Safe Secretariat Islamabad

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difference

NEW EXECUTIVE COMMITTEE (EC) OF SAFE

Esteemed Members of the Executive Committee of SAFE, elected for 2007;



Mr. Rajnikant Patel
Chairman SAFE
& MD/CEO,
Bombay Stock Exchange
Ltd



Mr. Ahmed Rashid
Vice Chairman SAFE
& Senior Vice President,
Dhaka Stock Exchange
Ltd



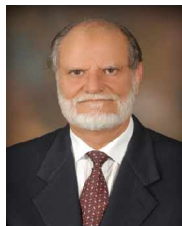
Mrs Surekha Sellahewa
Director General,
Colombo Stock Exchange



Ms. Chitra Ramkrishna
Deputy Managing
Director,
National Stock
Exchange of India Ltd.



Mr. Rewat Bahadur Karki
General Manager,
Nepal Stock Exchange
Ltd



Mr. M. A. Lodhi
MD/CEO,
Karachi Stock Exchange
(G) Ltd.

For contact details of Executive Committee members, please visit our website.

**1ST EXECUTIVE COMMITTEE (EC) MEETING OF 2007
JANUARY 24-25, KARACHI, PAKISTAN**



The newly elected Executive Committee (EC) of SAFE, held its First EC Meeting of 2007 in **Karachi** on **24th and 25th of January, 2007**, under the arrangements of Karachi Stock Exchange (G) Limited (KSE).

The meeting was an event of great significance as it brought forth the Memoranda of Understanding (MoUs) between SAFE and its member countries regarding the South Asian Index. The Executive Committee reviewed the operational matters of the Federation and discussed the need to enhance mutual cooperation with other international forums. The Executive Committee also considered the impact of the South Asian Index on the regional markets. The Committee also stressed the need to increase the technological exposure in the member exchanges.

Highlight of the First EC meeting of 2007 was the signing of MoUs between SAFE, Dow Jones Indexes and the member countries. The MoU signing ceremony was witnessed by electronic & print media and covered in various publications and business broadcasts. The Chairman Securities and Exchange Commission of Pakistan was also present on this occasion.

During their stay in Karachi, the EC members visited the State Bank of Pakistan (SBP) and called on Governor SBP, Dr. Shamshad Akhtar and discussed matters relating to Liberalization of Capital Controls to promote Portfolio Investments in South Asia. The EC members visited our new primary member National Commodity Exchange of Pakistan (NCEL) and received a briefing on the operations and trading practices at NCEL. The EC members were also taken to the National Clearing Company of Pakistan Limited (NCCPL).

SOUTH ASIAN INDEX (SAI)



The proposal for launching a South Asian Index was promoted by SAFE in its Executive Committee Meeting of 2006 and the same was approved in the Annual General Meeting of 2006, both held in Colombo, Sri Lanka on 16th and 17th of November, 2006 respectively. The proposal detailed that the SAI would be aimed at measuring and reflecting performance of leading stocks of the prominent market sectors, listed at the SAFE Member Exchanges. SAI, by providing an overview of the performance of the SAFE equity markets as a regional grouping, would highlight its investment potential. It would also serve as an underlying tool for developing new investment products in the region.

The South Asian Index was proposed to be launched in partnership with Dow Jones Indexes Inc, New York. Dow Jones Indexes, a unit of Dow Jones & Company, is a leading global full-service index provider that develops, maintains and licenses indexes for using as benchmarks and as the basis of investment products.

DJI representative, Mr. Rushdie Siddiqui, Co-Director of the Dow Jones Islamic Index Fund gave a detailed presentation on the concept and issues related to SAI in the EC meeting of January, 2007. This presentation was widely attended by top management representatives of the Mutual Fund industry. The presentation was followed by a Q&A session in which the audience participated enthusiastically and welcomed the idea of an Index, representing the entire region of South Asia.

The SAFE Secretariat awaits the approval of the Tri-partite agreement with the major South Asian Stock Exchanges. Karachi Stock Exchange and Bombay Stock Exchange, for launch of the SAI project.

PRESENTATION ON DEMUTUALIZATION EXPERIENCE OF BOMBAY STOCK EXCHANGE (BSE) BY MR. RAJNIKANT PATEL

A presentation on the Demutualization experience of Bombay Stock Exchange Limited (BSE) by Mr. Rajnikant Patel, Chairman SAFE and MD/CEO BSE, was held in Karachi, at Karachi Stock Exchange (G) Limited (KSE) on January 24, 2007. The presentation was attended by fund managers, brokers, KSE Board & Management and Chairman Securities and Exchange Commission of Pakistan.

Bombay Stock Exchange Limited (BSE) is the oldest stock exchange in Asia, established in 1875. The demutualization experience of BSE is the latest in South Asian region and the newly founded Bombay Stock Exchange, incorporated under the BSE (Corporatization and Demutualization) Scheme, 2005 is attracting international interest and appreciation. The session with Mr. Patel provided very useful insight into the challenges and benefits of demutualization.



MEMBERS' EDUCATION AND INFORMATION SERIES (MEIS)

SAFE shall soon be launching a programme entitled, "Members' Awareness and Information Series" through our new website. This series is aimed at promoting, learning & sharing new ideas and global trends relevant to South Asian Capital markets to educate securities market professionals.

The education series shall require participation and involvement of all members. SAFE shall launch a topic under the series and provide basic information about it. All the members shall be requested to provide write-ups or relevant information about the topic.

We will welcome suggestions and ideas from all our members for topics, approved under this series. The Secretariat shall assist thoroughly in researching the focal areas and compiling a working paper on the same. We shall present each researched working paper for the review of all the members. At the end of each series, finalized contents shall be uploaded in the form of a Handbook on our website.

Kindly send your suggestions and comments to awareness@safe-asia.com.

NEWS & UPDATES FROM SOUTH ASIAN CAPITAL MARKETS

From Pakistan;

- **ISE, LSE to have Unified Trading Platform**

The Unified Trading Platform, a system jointly adopted by Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE), will become functional after the approval of regulations by Securities & Exchange Commission of Pakistan (SECP). All the necessary hardware and software is available with LSE and ISE and regulations have been submitted to SECP.

Both the stock exchanges have joined hands in a bid to increase their trading volumes through extending the geographical outreach as well as retaining the trading volumes that are generated at these bourses but recorded at other Exchanges. Mr. Hamid Imtiaz, MD, LSE said that the UTP system would be a common trading platform for trading on commonly listed securities on a real time basis through execution of orders entered by members of LSE and ISE on an integrated, inter-exchange or intra-exchange basis.

- **Pakistani bourses to be Corporatized and Demutualized**

The Securities and Exchange Commission of Pakistan (SECP) has directed all three Stock Exchanges of the country to complete and adopt the procedure of Demutualization and Integration along the lines of international best practices, by December 31, 2007. A committee was constituted by the SECP to make a comprehensive plan for Demutualization and give recommendations on Integration of Karachi, Lahore and Islamabad Stock Exchange. The Committee analyzed the problems faced by all three Stock Exchanges in depth. The committee of experts on Demutualization and Integration is of the view that Demutualization can help solve problems of the stock exchanges. However, Demutualization should be seen as a means to an end and not an end itself. The demutualization and integration scheme must be carefully structured to achieve the desired results. A successfully adopted demutualized and integrated structure can pave the way for capital market development and serve the economy in a better way. The market would not suffer from the problems of a mutual structure or a fragmented market. However, the absence of inter-exchange competition can create competitive-progress hurdles. If the concern about absence of competition can be addressed, then this scenario shall best meet the interest of all stakeholders.

From India;

- **Securities and Exchange Board of India (SEBI) allows hedge funds to directly invest in Indian markets.**

The capital market regulator Securities and Exchange Board of India will now allow hedge funds to directly invest in Indian markets. The SEBI Chairman, Mr M. Damodaran, said hedge funds will be allowed on merit to make a front door entry into the Indian equity markets. Currently, hedge funds are not allowed to invest in our markets directly but do so through the participatory note route.

Mr Damodaran said the IOSCO conference to be held in Mumbai in April would address details relating to hedge funds. The Chairman said those who were not investing in their names would be allowed, subject to SEBI's comfort levels. He added: "If India story is a good story, then these funds should directly come and invest in our markets. We should know who the investors are rather than them participating through the offshore derivative route."

- **BSE inducts Corporation Bank as clearing bank**

Corporation Bank joined the Bombay Stock Exchange Ltd (BSE) as a Clearing Bank. The induction of Corporation Bank will further expand the options for the BSE members. It demonstrates the commitment of the Exchange to offer its members excellent services and admission of Corporation Bank, as a Clearing Bank, is a step in the right direction.

From Bangladesh:

- **Dhaka Stock Exchange organizes courtesy meeting**

Dhaka Stock Exchange Ltd in collaboration with Chittagong Stock Exchange Ltd organized a courtesy meeting on March 27th, 2007 in Chittagong for the local business elites and personalities to make them aware of the benefits of listing on the bourses and understand the different financial needs under new economic realities.

The President of the Dhaka Stock Exchange, Mr. Md. Abdullah Bokhari, Vice President Mr. Ahmad Rashid Lali, & Chief Executive Officer Professor Salahuddin Ahmed Khan and from Chittagong Stock Exchange the First Vice President Mr. Nasiruddin Ahmed Chowdhury & Chief Executive Officer Mr. A B Siddique represented the bourses.

- **President, Vice-President re-elected at the 11th AGM**

The Board of Directors of Chittagong Stock Exchange Ltd. (CSE) in its meeting unanimously re-elected Mr. MKM Mohiuddin as President of Chittagong Stock Exchange for the year 2007. Mr. Mohiuddin is the Managing Director of a CSE Member Firm named "MKM Securities Ltd." He has been an ex-banker of International Repute for over 20 years including 14 years in Hong Kong. The Board also re-elected Mr. Nasiruddin Ahmed Chowdhury, as First Vice President of Chittagong Stock Exchange for the year 2007. Mr. Nasiruddin Ahmed Chowdhury is the Managing Director of a leading CSE Member Firm named "Kishwar Security Investment Ltd." Mr. Chowdhury is involved with many businesses. He is the Managing Director of Frank Group of Companies. He is also the Director of Bangladesh Garments Manufacturers & Exporters Association. He is the former director of Bangladesh Shipping Agents' Association, Bangladesh Master Stevedores Association and AOTS, Japan.

From Sri Lanka:

- **The Colombo Stock Exchange (CSE) Creates History - The ASPI Crosses 3,000 Mark**

The Colombo Stock Exchange (CSE) rewrote its record books on March 07, 2007. The All Share Price Index (ASPI), the benchmark index of the CSE, which was introduced in 1985, surpassed the 3,000 level for the first time on 13th February 2007. The index closed the day at 3,016.4 points, recording a growth of 22.6 points (0.8%) for the day and 294.1 points (10.8%) for the year 2007 to date. The ASPI recorded a growth of 41.6% in the year 2006.

From Maldives:

- **Policy Change**

From the 27th March 2007 onwards, Maldives Stock Exchange has changed its policy on transfer of shares. As the rule stands, in applications for private share transfers, approval by the CMDA will only be given in instances where the transfer is to a spouse, parent, child, grandparent, grandchild, brother or sister.

NEW INDUCTION AT THE SAFE SECRETARIAT



Program Officer

Mr. Zahid Khan was inducted as Program Officer in January 2007 in SAFE Secretariat, Islamabad. Mr. Khan has been involved in securities dealing business in Wall Street, New York. He also holds General Securities Dealing License (Series 7 and 63) with NASDAQ. He possesses Bachelors degree in Mathematics and Statistics. Mr. Khan's areas of responsibility include routine correspondence, to assist in arrangements for Annual meetings and EC meetings, to handle affairs related to Affiliations and registration, to look after all handlings related to Ministries and to maintain relations and correspondence with other local third parties including SASRF etc.

NIBAF STUDY GROUP VISITS SAFE SECRETARIAT



A study group from National Institute of Banking and Finance (NIBAF) visited the Secretariat of South Asian Federation of Exchanges (SAFE) on February 22, 2007. The purpose of this visit was to obtain information about the objectives and scope of work of SAFE. The Secretariat staff arranged an informative & interactive presentation session, followed by question and answer round. The visiting team comprised of participants from the various countries including Senegal, Mauritius, Hungary, Jordan etc. Ms Farzin Khan, Deputy Secretary General SAFE and Mr. Zahid Khan, Program Officer gave comprehensive presentations regarding the “Establishment of SAFE, its objectives and its key achievements”.

The session ended with light refreshment. The participants expressed their satisfaction after the session. They also discussed the matters of mutual interest with the secretariat staff in the refreshment session. SAFE Secretariat has always welcomed such informative sessions and also joined hands with Islamabad Stock Exchange (G) Limited to impart knowledge about capital markets & the role and objectives of SAFE.

SAFE LAUNCHES NEW WEB DOMAIN!!!

In order to provide quick and reliable access, the SAFE Secretariat has launched a new domain www.safe-asia.com for its official website. The new website has multiple features including latest stuff such as downloads, updated profiles and pictorial glimpses etc. Through our new website we hope to make available an attractive, informative and reader friendly web interface. We are in the process of uploading new and updated data on the site and henceforth the site shall be updated on periodic basis.

We request all the members to send in any latest reports, updates and other information/data to update the website regularly. Please visit the new website and provide us with your comments and suggestions.

INTERNATIONAL TRAINING PROGRAMME FOR SECURITIES MARKET PROFESSIONALS

South Asian Federation of Exchanges (SAFE) is organising a training programme for securities market executives in cooperation with National Institute of Banking and Finance (NIBAF), a subsidiary of the State Bank of Pakistan, and BSE Training Institute Bombay (BTI). This training programme is aimed at capacity building of professionals from the various aspects of securities market operations. The programme has been designed to promote cross border relations and cultural learning of its participants, in addition to professional training.

The programme will be held tentatively in September 2007 at Islamabad. For further details please keep visiting our official website or email us at training@safe-asia.com.

C.I.P.E. FINANCIAL GRANT PROGRAMME FOR CHAMBERS/ASSOCIATIONS

The Center for International Private Enterprise (CIPE) is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 1,000 local initiatives in over 100 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE provides management assistance, practical experience, and financial support to local organizations to strengthen their capacity

to implement democratic and economic reforms. CIPE programmes are also supported through the United States Agency for International Development (USAID).

CIPE recently announced a 'Chambers/Associations Financial Grant Programme' for which applications were invited from various associations for small grant projects of up to PKR 500,000 (approx USD 8,333). The eligible project range included low investment projects, focused on institutional capacity building of the applicant entity, e.g. developing a website, designing & publishing informational resource material and creating a resource library etc.

SAFE chose to apply for financial assistance for the maintenance and upkeep of its website. The application procedure, specified by CIPE was duly followed and a complete set of application related documents were submitted to CIPE before the due date. We shall look forward to receiving financial assistance from CIPE to further improve our website and related digital resources.

**AFFILIATION WITH SAARC
(SOUTH ASIAN ASSOCIATION FOR
REGIONAL COOPERATION)**

SAFE Secretariat applied for the *Affiliation* of SAFE with SAARC in 2006. As per standard procedures, the application was routed through the Ministry of Foreign Affairs and was to be forwarded to the SAARC secretariat after obtaining concurrence and approval from Ministry of Finance and the Securities and Exchange Commission of Pakistan (SECP).

SAFE Secretariat constantly followed up and facilitated all concerned authorities for obtaining the requisite approvals. Official approvals from the SECP and Ministry of Finance were duly obtained and forwarded to Ministry of Foreign Affairs.

The Ministry of Foreign Affairs has now forwarded the application to the SAARC Secretariat in Kathmandu, along with their concurrence.

We are hopeful that SAFE shall soon acquire affiliated status with SAARC which shall greatly help us in over-coming and addressing various issues related to Cross Border Trade and Listing.

**TAX EXEMPTION
FOR
SAFE**

SAFE was registered as an NGO in Pakistan, under the local laws, in 2006. Registration of SAFE was a pre-requisite for opening the corporate bank accounts in the name of SAFE and for its formal operations in Pakistan. As per the relevant laws, SAFE was granted a certificate of registration in December, 2006.

As a registered body under the Voluntary Social Welfare Agencies Ordinance, 1961, SAFE is eligible to apply for Tax Exemption under the Income Tax Ordinance, 2001 of Pakistan.

SAFE Secretariat has made a proper case in this regard, and forwarded the same to a local tax consultant firm, hired for the purpose. SAFE Secretariat shall keenly follow-up and facilitate all procedures in this regard.

*For Advertisements and Comments
Please Contact*

**PUBLICATION DEPTT.
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