

# Newsletter

*Volume#1, Issue#2*

*July-October 2001*

## **SEC to host Emerging Markets Conference**

This year, the Securities and Exchange Commission of Pakistan (SEC) will host the annual meeting and conference of the Emerging Markets Committee of the International Organization of Securities Commissions (IOSCO). This honour was conferred upon Pakistan at the Annual Conference of IOSCO held at Stockholm in June 2001, at which Pakistan was selected out of several countries interested in hosting this event.

Mr. Khalid A. Mirza, Chairman, SEC, who represented Pakistan at the annual IOSCO conference said that it was a rare honour for Pakistan to host this important conference. According to Mr. Mirza, Pakistan was selected because of the country's improving image, the government's sound economic policies, and successful implementation of capital market reforms. The conference is likely to be attended by more than 150 delegates from approximately 70 emerging countries including finance ministers, key economic policy makers and heads of securities regulators of these countries. SEC officials are making arrangements for this major international event to be held in Lahore. The conference, previously expected to be held in early November, is being rescheduled due to prevailing geo-political uncertainty in the region.

## **Market Stabilization Fund**

SEC is negotiating with the Asian Development Bank (ADB) for the establishment of a fund of Rs. 5-10 billion to promote stock market stability. The proposed fund, when it materializes, would be managed on a commercial basis and its role would be counter cyclical, said Mr. Khalid A. Mirza, Chairman, SEC. This means that the fund would buy securities when the market is down and would off-load investments when it starts moving up.

SEC is also endeavouring to encourage financial institutions to play a more active role in the stock market. "I hope this would buttress the market and provide it much needed depth", Mr. Mirza added.

These steps, he said, are being taken keeping in view, essentially, the bearish conditions witnessed at the local bourses in recent years, interspersed with occasional buoyant bouts or speculative bubbles.

## **Capital Market in Pakistan has vast potential, says IMF Expert**

Professor Shinji Takagi, Consultant to the International Monetary Fund (IMF) for Middle Eastern Department, said that Pakistan has the potential to raise resources through its capital market. He stressed that an effective regulatory framework was essential for the sound functioning of the capital market.

During a lecture at the SEC, Prof. Takagi appreciated the reforms carried out in the capital market in Pakistan, but stressed the need for improving the supportive infrastructure, especially the judicial system. Professor Takagi is a Professor of Economics at Osaka University, Japan and has also taught at Yale University, USA. He said that development of the capital market is necessary for economic growth as it helps in resource mobilization and provides an alternative source of finance.

Comparing the bank-based and equity-based economies, Prof. Takagi stated that an equity-based economy needs more vigilance, transparency and close monitoring.

Further, he was of the view that it is important to create an appropriate legal and institutional environment conducive to the working of natural economic forces.

# **Chairman's Engagements**

## **Chairman makes Presentation to the President**

On August 13, 2001, Mr. Khalid A. Mirza, Chairman, SEC made a detailed presentation on the state of the stock market in Pakistan to General Pervez Musharraf, President of Pakistan. Mr. Shahid Ghaffar, Executive Director (Securities Market) and Mr. Haroon Sharif, Principal Staff Officer to Chairman also represented the SEC during this meeting. The meeting, held at the Chief Executive's Office, was attended by Mr. Shaukat Aziz, Minister for Finance, Mr. Abdul Razak Dawood, Minister for Commerce, Mr. Omar Asghar Khan, Minister for Labour and Manpower, Mr. Altaf M. Saleem, Minister for Privatization, Principal Secretary to the President, Federal Secretaries and other senior government officials.

The main focus of the presentation was to highlight existing issues in the capital market and to develop short-term and long-term solutions. The Chairman, SEC, explained that amongst other distinct characteristics, the capital market in Pakistan has, perhaps, the highest turn over in the world in relation to its market capitalization. Based on proposals made by Mr. Mirza, a decision was made to enhance the role of institutions in the capital market and to support the capital market reform agenda laid out by the Securities and Exchange Commission.

## **Finance Minister's visit to SEC Office**

Mr. Shaukat Aziz, Minister for Finance, visited the Securities and Exchange Commission of Pakistan on May 22, 2001. Detailed presentations by the Executive Directors were made to the Finance Minister during this visit. The presentations highlighted the efforts made by the SEC towards enhancing investors' confidence and facilitating the corporate sector. The new corporate structure of the Commission was greatly appreciated by the Finance Minister. He also highlighted the need for more interaction between the private sector companies and SEC officials.

## **IFC's Director visits Chairman SEC**

Ms. Mary Ellen Iskenderian, Director of International Finance Corporation (IFC) for South Asia visited the Chairman SEC on July 20, 2001. Mr. Farid Dossani, the new Country Manager for Pakistan and Mr. Raymond Chiu, the outgoing Country Manager for Pakistan also accompanied Ms. Iskenderian.

During the meeting, the Chairman explained the reforms implemented by the SEC to improve the functioning of the capital market and to enhance corporate governance. The IFC representatives expressed their appreciation for the achievements of the Commission in a very short period. Future programs and projects in which IFC could assist the Securities and Exchange Commission were also discussed.

## **Chairman visits all Divisions**

The Chairman, SEC visited each Division of the Securities and Exchange Commission in September, 2001. During these visits, the respective Executive Directors gave presentations on the performance of their Divisions. The Chairman had an interactive session with the staff of each division and discussed several issues in detail. The general message conveyed to all the employees was that the Commission must portray a fair, friendly and professional image to the market. The need to provide efficient services to the private sector was also stressed. The Chairman was pleased to note that all departments were now well established and functioning smoothly. With the completion of the automation on hand, the functioning of SEC is expected to improve manifold.

## **SEC initiates Policy Research Paper**

Mr. Khalid A. Mirza, Chairman, SEC, and Mr. Haroon Sharif, Principal Staff Officer, attended a seminar on Economic Policy in Pakistan, organized by the Lahore University of Management Sciences (LUMS) in July 2001 in Lahore. Top economic policy makers, international researchers and faculty members of LUMS

participated in this two-day event. Realizing the need for quality research to formulate policies, SEC has started a policy research project on capital market issues with two prominent professors from Harvard University and Chicago Business School, USA. These studies are likely to be completed by the end of this year.

## **Securities Market Update**

### **T+3 System Implemented**

The much awaited T+3 (trading day +3-days) for settlement of trades was introduced at the Karachi Stock Exchange (KSE) on April 30, 2001, in certain selective scrips, and was later extended to Lahore and Islamabad. The KSE had been considering the introduction of this system since 1998, but the May 2000 crisis prompted the KSE management to formally propose its implementation.

In order to minimize systematic risk in stock market operations, the Group of 30 countries (G30) has also recommended rolling settlement on a minimum of T+3 basis. The T+3 system is in vogue in most stock markets around the world, albeit some countries like Hong Kong have moved a step further to T+1 system of settlement. This system is a safeguard against mindless speculation and aims to bring transparency in stock trading. The T+3 system that was introduced this year in consultation with the Stock Exchanges in Pakistan, now covers almost all scrips traded in the Stock market.

### **Buy Back of Shares Rules Relaxed**

To facilitate listed companies to readjust balance sheet profiles and add shareholder value, and also to put in place another mechanism to stabilize the stock market, the Securities and Exchange Commission of Pakistan has amended and relaxed the companies (Buy-back of shares) Rules, 1999 with effect from September 21, 2001. This initiative was taken on the recommendation of all three stock exchanges and supported by the SEC's own research and analysis.

The law permits the listed companies to buy their own shares for certain genuine reasons. An enabling provision to this effect was provided in the companies ordinance by inserting a new Section (95A) in the Companies Ordinance in 1999; unfortunately not much happened. According to market experts, the rules were too stringent and needed to be relaxed suitably. This has now been achieved through a few amendments in the rules.

### **Futures Trading**

The Futures Contract Trading System (FCTS), which made its debut from Karachi Stock Exchange (KSE) w.e.f. July 05, 2001, aims to address an important need of stock market investors and to add another dimension to the stock market. Lahore and Islamabad Stock Exchanges (LSE & ISE) will follow suit shortly.

KSE selected 12 listed companies for futures trading primarily on the basis of liquidity. The selected companies are; Dewan Salman, Ibrahim Fibres, Hub Power Company (Hubco), Pakistan State Oil (PSO), Muslim Commercial Bank (MCB), Sui Northern Gas Pipelines (SNGP), Pakistan Telecommunication Corporation Ltd (PTCL), Nishat Mills, Imperial Chemical Company (ICI), Engro, Fauji Fertilizer and Fauji Jordan.

Internationally, trading in futures contracts is common in stocks, stock indices, commodities, currencies and financial instruments. Since an asset can be bought or sold by putting forward only a small amount of money, these transactions are highly leveraged. Hence, a small fluctuation in the price of underlying assets may result in either a huge profit or an equally large loss, depending on whether the market price moved for or against the trader's expectation.

## **Broker's Registration**

The Brokers and Agents Registration Rules, 2001 were notified in May 2001. The Commission has, so far, received 242 applications for registration of brokers from all three stock exchanges. These are currently under process and it is expected that most brokers would be granted registration soon.

The Brokers and Agents Registration Rules include a comprehensive Code of Conduct for brokers and also lay down the eligibility requirements for a broker. Thus, in future, the SEC will be actively involved in monitoring broker conduct. This would bring a positive impact in the stock market and would help restore investor confidence.

## **Company Law Division**

1. The Company Law Division is actively working on the establishment of another Company Registration Office (CRO) at Sukkur to provide convenient access to the business community of the Civil Divisions of Sukkur and Larkana who are at present required to travel to Karachi to attend to day-to-day matters relating to the Company Registration Office. The CRO Sukkur is expected to start its operations shortly.
2. At present, there are seven Company Registration Offices providing service to the general public in the area of registration of companies and other relevant matters. These offices are located in the following cities: Islamabad, Karachi, Lahore, Peshawar, Faisalabad, Multan & Quetta.
3. Apart from establishment of a new office at Sukkur the Company Law Division is also planning to send mobile teams to several remote areas of the country to educate and facilitate the business community in matters relating to registration of companies and to propagate the advantages of corporatization, which will also inter alia help in achieving the government's objective of documentation of economy.
4. The CROs all over Pakistan have been modernized through the use of latest technology and equipment. The record of about 43,000 companies registered in Pakistan is being computerized. The first phase of computerization has been completed. Computerization of records, in entirety, is expected to be completed by November 2001. These computerized records will also be available through the Internet with authorized access.
5. The working and structure of the C.L Division and the CROs working under the Division has been improved dramatically. Most requests concerning incorporation of companies, registration of mortgages and charges, issue of certified copies etc. are disposed off within a period of one day. The Commission has inducted qualified professional staff both at Headquarters and at the CROs to facilitate and serve the general public in this regard.
6. The statutory forms used for filing required documents under the Companies Ordinance, 1984 are being simplified to help companies comply with the requirements of law in this respect. Most of these forms are available at the SEC website.

## **Specialized Companies Division**

### **Minimum Capital Requirement of Leasing Companies Status**

Leasing companies were required to raise their paid up capital to at least Rs. 200 million by 30/06/2001 in terms of the Leasing Rules, 2000. As at 31/12/2000 only 12 out of 32 leasing companies were fully compliant with this requirement. In this connection, the Commission recently decided that statutory reserves and free reserves available for distribution of bonus shares may be treated as part of capital for meeting the

aforesaid requirement of Rs. 200 million. Consequent to this relaxation, two leasing companies would attain compliance while seven would become compliant as a result of merger or issuance of right shares.

The remaining non-compliant companies have been advised to come up with well-defined, viable, and time-bound plans to raise their capital base to the stipulated level. This is part of the overall effort towards consolidation of the financial sector in Pakistan. It is hoped that a strong financial sector will play a positive role in economic development through providing capital resources to deserving projects and sectors of the economy.

## **Amendments in Leasing Rules Proposed**

Certain amendments have been proposed to make Leasing Companies Rules, 2000 more comprehensive and practicable. These amendments aim at providing a level playing field to all NBFIs and to promote the leasing business. As required, the proposed amendments would soon be notified to solicit public opinion.

## **Suspension of License to Issue COIs**

SEC has suspended the license to issue (or roll-over) Certificates of Investment (COIs) for a period of two years, of six leasing companies: Natover Lease & Refinance Limited, First Leasing Corporation Limited, Lease Pak Limited, InterAsia Leasing Corporation Limited, National Assets Leasing Corporation Limited and English Leasing Limited; as their credit ratings were below investment grade and issuance of COI by these companies would be in violation of the Leasing Companies (Establishment and Regulation) Rules 2000. This decision has been taken in the interest of the depositors and potential COI holders. In case these companies do not obtain an investment grade rating within a period of two years (i.e. by June 30, 2003), their COI licenses would be cancelled.

## **Development of Mutual Funds in Pakistan —SEC Completes Report**

With financial assistance from ADB, SEC has hired the services of Cadogan Financial - a UK-based consultancy firm to undertake an in-depth study of the mutual funds industry in Pakistan.

Terms of reference of the study include: -

1. identifying barriers to the development of mutual funds in Pakistan;
2. recommending measures to facilitate growth of the mutual fund industry;
3. assessing adequacy and relevance of the existing regulatory environment and suggesting improvements to overcome any gaps and weaknesses in the system in the context of SEC's existing powers, structure and operations; and
4. suggesting measures to facilitate the channeling of savings into mutual fund investments.

Such a study was necessary to find out as to why mutual funds were not growing and the measures needed to improve the situation. Mutual funds serve as an effective vehicle to mobilize and channel savings into productive sectors. The mutual funds industry has grown rapidly in other parts of the world. However, in Pakistan, the mutual funds industry has not developed to its full potential. Most mutual funds have not performed well due to poor management as well as adverse stock market conditions. The mutual funds industry in India is Rs. 1 trillion in size as compared to Rs. 8.5 trillion bank deposits i.e. 12% thereof. By comparison, mutual funds in Pakistan are 2.5% of bank deposits. In USA the mutual funds industry is bigger than bank deposits (112% of bank deposits). Keeping in view the size of the economy and bank deposits, mutual funds in Pakistan have the potential to grow to over 100 billion rupees given a favourable investment environment.

## **Regulatory Actions Taken**

SEC has ordered investigation into the affairs of an investment advisor/brokerage house and a mutual fund under Section 265 of the Companies Ordinance, 1984. An inspector has been appointed and investigation

proceedings are in process. SEC has also taken action against a chartered accountants firm under Section 245 of the Companies Ordinance, 1984 for violation of conduct of business.

## **4th Asset Management Company Registered**

United Asset Management Company Limited (UAMC)— a wholly owned subsidiary of United Bank Limited— has been registered as the fourth Asset Management Company (AMC) in the country. The company shall offer and manage only money market funds. Other companies registered under the AMC rules are National Investment Trust Limited, ABAMCO Limited and Arif Habib Investment Management Limited (AHIML), which was registered in FY2000. The former two AMCs are already operational and are managing open-end mutual funds, i.e. National Investment Trust (NIT) and Unit Trust of Pakistan (UTP), respectively. SEC has also cleared the trust deed for launching of the Pakistan Stock Market Fund and Pakistan Income Fund by AHIML.

## **CDC to Function as Trustee and Custodian**

Through an amendment in the Investment Companies and Investment Advisors Rules, 1971, Central Depository Company (CDC) was made eligible to function as a custodian for closed-end mutual funds. Earlier, the CDC was included in the list of entities that could function as trustee for open-end mutual funds. Reportedly, the CDC is providing custodial services at a relatively low cost.

## **Amendments Proposed in Mutual Funds Rules**

SEC has recently proposed certain amendments in the Investment Companies & Investment Advisors Rules, 1971, and the Asset Management Companies Rules, 1995. Performance of some of the mutual funds has been low owing to lack of effective monitoring, non-utilization of professional fund managers and absence of effective reporting systems. The proposed amendments are aimed at plugging such loopholes. The draft rules would soon be notified to solicit public opinion.

## **Floation of a New Modaraba**

M/s. Faysal Management Services (Pvt.) Ltd (FMSL) has been authorized to float a specific purpose limited period modaraba — Fayzan Manufacturing Modaraba (FMM). The major business of FMM will be manufacturing of polyester staple fiber (PSF) with an annual capacity of 45,000 tons. The authorized capital of FMM is Rs.1.2 billion and paid up fund is Rs. 800 million. FMM's prospectus has been approved by the SEC, KSE and the religious board and FMSL shall soon publish it to invite public subscription.

## **Activities of the Accounting Wing**

The accounting wing of SCD has reviewed the draft of the Chartered Accountants (Amendment) Ordinance, 2001 received from the Institute of Chartered Accountants, and forwarded it to the Ministry of Finance for promulgation.

The International Accounting Standards – IAS 35 “Discontinuing Operations”, IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” and IAS 38 “Intangible Assets” have been re-notified for adoption with full text, whereas, IAS 22 “Business Combinations”, IAS 36 “Impairment of Assets” and IAS 39 “Financial Instruments: Recognition and Measurement” have also been notified for adoption. The scope of IAS 30 “Disclosures in the Financial Statements of Banks and Similar Financial Institutions” has been extended to investment banks, modarabas (other than trading modarabas) and leasing companies.

The auditor's report to certificate holders prescribed in Form 35 of the of the Companies (General Provisions and Forms) Rules, 1985 has been revised in conformity with International Auditing Standards.

# Enforcement Actions

The Enforcement and Monitoring Division, as a result of its effective vigilance, penalized and took other remedial measures against several defaulting companies during the quarter July-Sept., 2001 as detailed below:

1. 18 companies were issued show-cause notices for not holding AGM's on time. Penalties amounting to Rs. 0.608 million on 10 companies were imposed. Extension applications of 2 companies have also been rejected.
2. 40 companies were issued show-cause notices for non-submission of half yearly accounts. Penalties amounting to Rs. 0.808 million on 14 companies have been imposed. Proceedings against almost 40 companies for non-submission of annual accounts are in process.
3. Enforcement Division, upon application from one of the prospective shareholders of the company, has appointed Mr. Muhammad Tariq, FCA, of M/S. Tariq & Company, Chartered Accountants, as inspector to investigate into the affairs of **M/S General Tyres Pakistan Limited** under Section 263 of the Companies Ordinance, 1984 and to submit a report within 60 days.

Also, Shaikh Muhammad Tanvir, FCA, has been appointed as inspector to investigate into the affairs of **M/S. Amzai Textile Mills Limited** under Section 265 of the Companies Ordinance, 1984 and to submit a report within 60 days.

4. SEC has filed a winding up petition under Section 305 read with Section 309 of the ordinance against the following listed companies (banks):
  - **Asset Investment Bank Limited**
  - **Prudential Investment Bank Limited**

This action was taken as the business of both these banks was being conducted in a manner oppressive to their members and creditors and their financial position was precarious as revealed by the SBP's inspection reports.

5. **Mediglass Limited & Prudential Investment Bank Limited** have failed to lay before their members in the AGM, their annual accounts for the year ended June 30, 2000. SEC has filed complaints in the Court of Session for prosecution of the directors for violating the provisions of sub-section (1) of Section 233 of the Ordinance which requires every company to lay, once at least in every calendar year, before its company, in the AGM, a balance sheet and profit and loss account made up to a date not earlier than the date of the meeting by more than six months.

## Complaints

6. During the period under review the Enforcement Division received 72 complaints from various shareholders mainly relating to non-receipt of dividend warrants, non-transfer of share certificates, non-receipt of annual accounts etc. Out of these 72 complaints, 69 were duly disposed of to the satisfaction of the complainants.

## Other Important Decisions

7. Mr. Rashid Sadiq (E.D, Enforcement Division) has issued directions to the following companies under Section 472 of the Companies Ordinance, 1984 to undo their defaults, as stated against the names of respective companies:
  - a. M/S. United Distributors Pakistan Limited and M/S Associated Industries Limited advanced Rs. 40 million and Rs. 30 million respectively to their private associated companies on interest free basis in violation of Section 195 and Section 208 of the Companies Ordinance, 1984. The directors including the chief executive of the companies were directed to make good the default by arranging the return of the amount advanced, along with mark-up thereon at a rate not less than the borrowing cost of the

company, by recovering it from the respective associated company or from its own resources. The directors and chief executives in response have made good the said default in accordance with the directions of the Commission.

- b. The directors, including the chief executive of M/S. Brothers Textile Mills Limited, have issued Cross Corporate Guarantee amounting to Rs. 40 million in favour of its private associated company in violation of Section 195 of the Companies Ordinance, 1984. The directors and chief executive in response have made good the said default in accordance with the directions of the Commission.
- c. The directors, including the chief executive of M/S. Amin Spinning Mills Limited, were directed that the resolution for the conversion of loan into right shares is not a valid resolution because it was passed by the directors, who were interested in the conversion of this loan into the right shares.

## **Audits and Auditors**

8. Mr. Nasim Akhtar partner of M/S Nasim Akhtar & Co. has signed the audit report on the annual accounts of M/S Delta Insurance Company Limited, although he was not a partner of Mr. Mahmood Ali Khan of M/S Mahmood Zuberi & Co., who were appointed as auditors by the Company. SEC has imposed a fine of Rs. 2000 each on these chartered accountants for violation of Section 257 and 260 of the Ordinance.

## **Insurance Division**

### **Draft Insurance Rules 2001**

Insurance Ordinance, 2000 contains about 100 provisions/items for which Rules are to be prescribed, either by the Federal Government or the SEC. These Rules were drafted in consultation with representatives of the Insurance Industry, including the Insurance Association of Pakistan (IAP), and have been sent to the Ministry of Law and Justice for vetting before notification.

### **New Insurance Company Incorporated**

Commercial Union Insurance Company of U.K. has its branch offices network in Pakistan to transact non-life/general insurance business. CGU Group, which owns Commercial Union Insurance Company has decided to withdraw from Pakistan and has entered into an agreement with OLD MUTUAL, another international insurance company incorporated in England, under which CGU has agreed to transfer its entire non-life insurance business to a new public company to be incorporated in Pakistan by OLD MUTUAL. The Division has, on the same terms and conditions, as decided by the ECC for ALLIANZ EFU Health Insurance Company and in line with the latest investment policy of the Government, approved the proposal received from OLD MUTUAL of UK for the establishment of a new non-life/general insurance company in Pakistan.

### **No Objection Certificate**

M/s. ACE Insurance Limited, a branch of a foreign insurance company of United States has been granted "No Objection" for conversion of its branch office into a Public Limited Company, under sub-section (3) of Section 5 of the Insurance Ordinance, 2000. Apart from foreign investment, the newly incorporated insurance company is expected to bring additional technical know how in the insurance field.

### **New Registrations**

After scrutiny of statements, documents, etc. filed by all insurance companies (61) operating in Pakistan, new registrations under the Insurance Ordinance, 2000 were granted to 54 insurance companies. These include 4 foreign insurance companies

## Renewal of Certificates

300 insurance survey certificates earlier granted by the Controller of Insurance were renewed during the period July to September.

## Vigilance Cell

In August 2000, a Vigilance Cell was setup at the SEC, for speedy redressal of investor complaints. This cell, which directly reports to the Chairman's office, primarily maintains a database of all complaints and important cases that are lodged with the Commission. The complaints/cases received by the Cell are forwarded to the respective Divisions/Benches for disposal. The Cell coordinates with the Divisions/Benches on a regular basis and ensures that the complaints/cases are resolved/dealt in a timely and judicious manner. In the event of delay or non-decision of a complaint/case, the Cell is entrusted with the responsibility of suggesting remedial measures and/or bringing the matter to the attention of the Commission for resolution. The Vigilance Cell generates weekly and monthly reports which highlight the position of complaints/cases pending and resolved in the Divisions/Benches. The trouble-spots are demarcated and action is proposed where warranted. A secondary objective of the Cell is to broadly assess signals in order to preempt any potential default by a company or a broker of the stock exchange.

With the establishment of the Vigilance Cell, disposal of complaints, petitions, appeals and court cases by the Commission has been expedited. This centralization has made the coordination between the Cell and the Divisions/Benches more systematic and streamlined. It is now also convenient to follow the 'trail' of a receipt and oversee its status till its resolution. It is pertinent to point out that the Commission has managed to resolve highest number of investor complaints since the inception of the Cell; over 1000 complaints have been resolved during the year, with a very little back log. Complaints can also be forwarded to the Cell via email (complaints@secp.gov.pk).

S. No.	Receipts	Brought Forward	Received	Total	Disposed of	Pending
1	Complaints	117	758	875	790	85
2	Petitions	--	193	193	190	3
3	Appeals	--	18	18	16	2
4	Court Cases	--	5	5	5	0
	<b>Total</b>	117	974	1,091	1,001	90

## At the Commission

### Change Management Workshop

A two-day workshop on Change Management was organized on 27-28th July, 2001. The workshop was conducted by M/S Sidat Hyder Morshed Associates (Pvt.) Ltd. Thirty-four middle management employees of the SEC attended the workshop. The workshop was conducted through case studies, lectures and presentations. Reports and feedback received from consultants and participants would be helpful for the Commission in designing future programmes of this nature.

## Young Executives Induction Scheme

The SEC has launched an innovative Young Executives Induction Scheme (YEIS) for top class graduates to join every year in different departments of the Commission. A separate unit has been set up for this scheme to ensure a transparent recruitment process and to develop training and professional development programs for the selected candidates.

YEIS is designed for highly motivated young individuals holding post-graduate degrees from reputable institutions in areas of business administration, accountancy, law, and economics. The selected professionals will be placed in main operational areas of the Commission that include regulation of securities market, specialized companies, enforcement of corporate laws, insurance, administration of Companies Ordinance and legal division. As part of the Commission's ongoing capacity building efforts, this program provides excellent opportunities for professional growth through on-the-job training and exposure to SEC's functioning and policies. Each year, up to ten young executives are expected to join the Commission as its core management team under this scheme. The first batch of these young officers is expected to join the Commission from January 2002.

## Farewell to Commissioner (SCD)

The officers and staff of the Commission gave a farewell reception to Mr. Tariq Iqbal Khan, Commissioner (Specialized Companies Division), on the eve of his departure to take up his new assignment as Chairman and Managing Director of National Investment Trust (NIT) at Karachi.

The Chairman, Mr. Khalid A. Mirza commended the significant contribution of Mr. Tariq Iqbal Khan and the role played by him in building the SEC into a strong and effective regulatory organization. "His knowledge of the capital market in Pakistan and his dedication was a boon for me, particularly during my early days at the SEC", the Chairman added.

Responding to this, Mr. Khan thanked the Chairman, his colleagues, Commissioners, officers and staff of the Commission for extending their full cooperation and due respect during his tenure, which, he said, he would always cherish.

## Administrative Changes

Mr. Tariq Iqbal Khan, Commissioner, has been appointed Chairman & Managing Director, National Investment Trust. The vacancy thus created had to be filled immediately to meet the legal requirement of having a minimum of five Commissioners to complete the Commission. Mr. Shahid Ghaffar, Executive Director, Securities Market Division was elevated as Commissioner against the vacant post.

Mr. Mohammad Hayat Jasra, Executive Director (Law) has been given additional responsibilities of Executive Director (Company Law Division), and Mr. Javed Zafar, Executive Director (Company Law Division) was posted as Executive Director (Information Technology). In addition, the following transfers and administrative changes were also ordered on October 10, 2001:

Name of Officer	From	To
Mr. M. Ishaq Mallal	Registrar Mobaraba, (Specialized Companies Division)	Registrar of Companies (Company Law Division)
Mr. Umar Hayat Khan	Director, Mutual Funds (Specialized Companies Division)	Registrar (Modaraba) in addition to his own duties
Mr. Ashfaq Ahmed Khan	Additional Registrar (Company Law Division)	Director Enforcement (Enforcement Division)

Mr. Atta Muhammad Khan	Registrar of Companies	Director (Enforcement) (Enforcement Division)
Nazir Ahmed Shaheen	Director, Enforcement (Enforcement Division)	Additional registrar (Company Law Division)

## Excursion Trip

Officers and staff of the Specialized Companies Division (SCD) organized a one-day excursion trip to Nathia Gali on September 09, 2001. The trip schedule included a cricket match at Kalabagh and lunch at the Greens Hotel, Nathia Gali. All staff members of the Division participated enthusiastically and felt it was an enjoyable outing that fostered camaraderie and recommended that such activities be arranged on a regular basis.

## SEC Website

The SEC website, available at <http://www.secp.gov.pk>, is continuously updated and efforts are underway to improve its appearance and contents. The website has been developed to facilitate the public and keep pace with similar organizations worldwide. This website is a step towards electronic communication with the public and related organizations. It provides information on the securities market, annual and quarterly reports of the SEC, an update of key indicators and important corporate and securities market regulations, laws administered and the rules and regulations issued in the process. The website has also been equipped with a company name search facility and company registration guidelines and forms. Complaints can also be lodged through the SEC website.

<b>IMPORTANT E-MAIL ADDRESSES</b>		
<b><u>SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</u></b>		
<b>Name</b>	<b>Designation</b>	<b>E-mail Address</b>
Khalid A. Mirza	Chairman	khalid.mirza@secp.gov.pk
Haroon Sharif	Principal Staff Officer to Chairman	haroon.sharif@secp.gov.pk
Shahid Ghaffar	Commissioner (Securities Market)	shahid.ghaffar@secp.gov.pk
M. Zafar-ul-Haq Hijazi	Commissioner (Company Law)	zafar.hijazi@secp.gov.pk

Abdul Rehman Qureshi	Commissioner (Enforcement)	rehman.queshi@secp.gov.pk
N.K. Shahani	Commissioner (Insurance)	nk.shahani@secp.gov.pk
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Sadia Khan	Executive Director (Specialized Companies Division)	sadia.khan@secp.gov.pk
M. Javed Panni	Executive Director (Human Resource and Administration)	javed.panni@secp.gov.pk
Rashid Sadiq	Executive Director (Enforcement & Monitoring)	rashid.sadiq@secp.gov.pk
Javed Zafar	Executive Director (Information Technology)	javed.zafar@secp.gov.pk
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Akbar Shah	Joint Registrar, CRO Islamabad	croisb@isb.paknet.com.pk
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Saeedullah	Deputy Registrar, CRO Quetta	croqta@qta.paknet.com.pk

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