

Presentation on SAFE Affairs

SAARC Colloquium on Management of Stock Exchange Systems and Regulation of Securities Markets

(SAARC Secretariat, Kathmandu- (21-22 April))



Outline

- South Asian Federation of Exchanges (SAFE): an introduction
- Objectives
- Memberships
- Current Initiatives
- Future Agenda
- Conclusion



South Asian Federation of Exchanges (SAFE)

- Established in 2000 on the initiative of Chittagong Stock Exchange
- Permanent Secretariat established in Islamabad, Pakistan in 2005
- A "Not for Profit" organization, which is run on subscriptions from the members
- A SAARC recognized association
- Also registered as a social welfare organization in Pakistan
- Comprises of twenty member entities from eight South Asian countries
- Member entities: Primary & Associate Members
- Broader objectives: To work towards the attainment of “common standards”
 - international accounting standards
 - Best business practices



Objectives:

- To facilitate exchange of information and to promote mutual assistance amongst its members and other related entities;
- To encourage co-operation amongst the members in order to promote and develop the respective capital markets;
- To work towards common standards for listing, trading, clearing, settlement and investors protection as well as International Accounting Standards or Generally Accepted Accounting Principles and best business practices in the regional securities markets;
- To encourage cross border listing and securities trading in the region;
- To co-operate in human resource development.



SAFE Memberships

Primary Members: *“Recognized, regulated and supervised stock exchanges, derivatives and commodity exchanges operating in the South Asian region, as Primary Members.”*

1. Bombay Stock Exchange,
2. Chittagong Stock Exchange,
3. Colombo Stock Exchange,
4. Dhaka Stock Exchange,
5. Islamabad Stock Exchange,
6. Karachi Stock Exchange,
7. Lahore Stock Exchange,
8. Maldives Stock Exchange Company (Pvt) Ltd,
9. Multi Commodity Exchange of India.
10. National Commodity Exchange Ltd
11. National Stock Exchange of India,
12. Nepal Stock Exchange,
13. The Stock Exchange of Mauritius Limited,
14. The Royal Securities Exchange of Bhutan,



SAFE Memberships

Associate Memberships: *“any other entity/ organization/ association operating in/ outside the region, in the service of the capital market whose main objective is the provision of regulatory, technical, and expert services of a specialized nature to the capital markets of the region, as “Associate members”*

1. Central Depository Bangladesh Limited,
2. Central Depository Services (of India) Limited,
3. Central Depository Company of Pakistan Limited,
4. National Clearing Company of Pakistan Limited,
5. National Securities Corporation Limited,
6. National Securities Depository Limited.



Current Initiatives

- Preparation of model Cross Border Listing Regulations
- Enlargements of memberships
- Dow Jones- SAFE Index
- Capacity Building Initiatives
- Thematic Conferences
- Publications



Current Initiatives

“Preparation of model Cross Border Listing Regulations”

- From the year 2003- 2006 a study was sponsored by SAFE through the technical assistance/ provided by The FirstInitiative- a World Bank affiliate.
- Study focused on finding gaps in the listing standards being followed in different jurisdictions of the region.
- Consultants recommended a “model cross border listing regime” to be introduced in the region.
- No further developments.



Current Initiatives

“Capacity Building Initiatives”

- **2002-2006:** Fully paid scholarships awarded to member countries for training at BSE Training Institute.
- **2007:** General Course on various aspects of Securities Markets. In collaboration with Bombay Stock Exchange (BSE) and National Institute of Banking and Finance (NIBAF).
- **2008:** Specialized One week course for Exchange Professionals on International standards for the operation and management of securities and derivatives exchanges. In collaboration with Futures and Options Association (FAO) of UK.



Current Initiatives

“Dow Jones- SAFE Index”

- Index would comprise of stocks listed on SAFE member exchanges.
- This Index would provide an overview of the performance of regional equity markets as a regional grouping.
- Would highlight investment potential of the region.
- Data would be provided by nine member exchanges namely, Bombay Stock Exchange, Chittagong Stock Exchange, Colombo Stock Exchange, Dhaka Stock Exchange, Islamabad Stock Exchange, Karachi Stock Exchange, Nepal Stock Exchange the Maldives Stock Exchange Company (Pvt) Ltd, and the Stock Exchange of Mauritius.
- Expected to be launched during May 2008.



Current Initiatives

“Thematic Conferences”

- First Capital Markets Conference, Colombo- Sri Lanka
 - **Theme:** “Regional Co-operation”

- Second Capital Markets Conference, Dhaka- Bangladesh
 - **Theme:** “Integration of South Asian Capital Markets: Challenges and Prospects”

- *Third Capital Markets Conference, Mumbai- India*
 - **Theme:** *Theme to be decided from deliberations of SAARC Colloquium (21-22 April 2008).*



Current Initiatives

“Publications”

- **Newsletter:** Updates from member entities regularly circulated every quarter. Facilitates communication.
- **Journal of South Asian Capital Market Studies:** Will contain researched articles on issues pertaining to the regional capital markets which would also enable the promotion of our region as an important investment destination.



Future Agenda

- Listing & Trading of Dow Jones-SAFE Index in all regional Countries.
- Launch an ETF in cooperation with an internationally acclaimed Asset Management Company.
- Establishment of a SAFE Mutual Fund.
- **SAFE Data Center:** The SAFE Data Center (SDC) would pave the way for the provision of standardized regional market statistics/data to global investors.



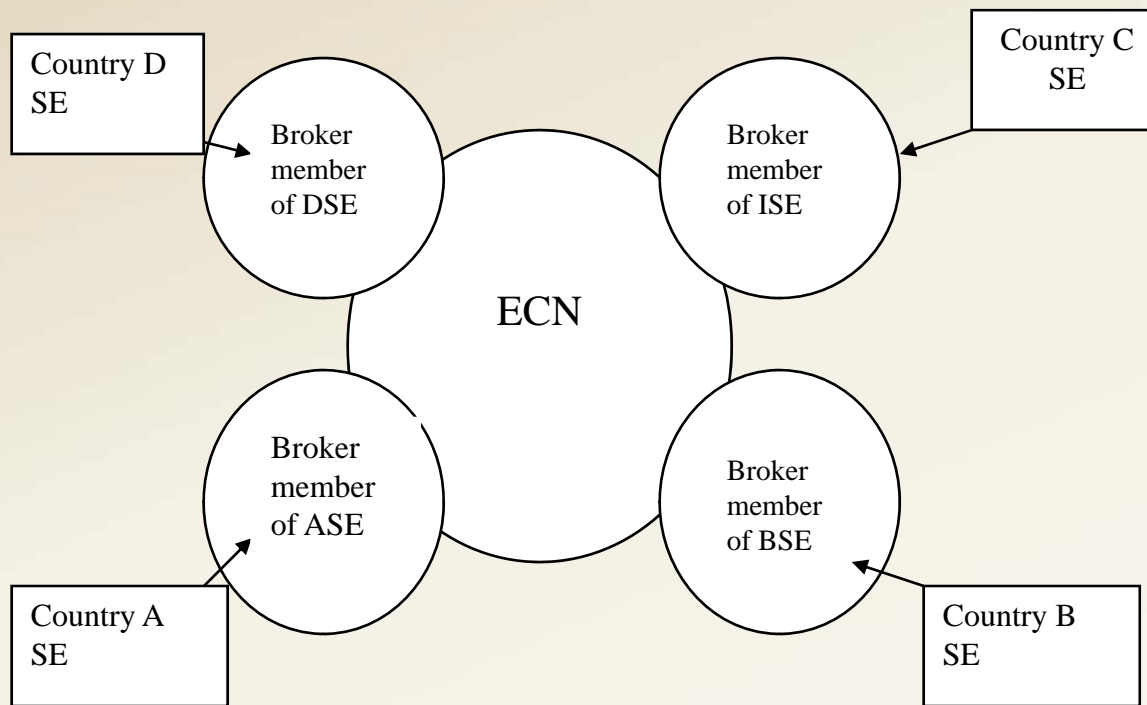
Future Agenda: continued

- **South Asian Institute of Capital Market Studies:** Professional training of human resource in the securities market and capacity building for front-line and apex regulators. Establishment of a “trust” for the establishment of South Asian Institute of Capital Market Studies (**SAICMS**).
- Work closely with SAARC & South Asian Securities Regulators Forum (**SASRF**) for bringing standardization of the regulations governing our regional markets.



Future Agenda: continued

- Establishment of ECN's for cross border trade



Future Agenda: continued

- Lobby for facilitating capital and regulatory regimes in the region for cross border trade and Investment
- Obtain Affiliate Status with other International Capital Market Organizations for exchange of ideas:
 1. The Bankers' Almanac
 2. World Federation of Exchanges (WFE)
 3. Asian and oceanic stock exchanges federation (AOSEF)
 4. Federation of European-Asian stock exchanges (FEAS)
 5. Federation of European Securities exchange (FESE)
 6. Federation Iberoamericans de Bolsas (FIAB)
- Obtain recognition of SAFE as an international NGO along the lines of other international organizations such as Asia Foundation, OXFAM etc.



Thank you