



For All the SAFE Members

Notes to the Agenda Items

Agenda Item No. 1 Approval of Previous Minutes

Minutes of the last AGM held in Islamabad on 14th May 2005 are attached herewith as "**Agenda 1**" for the requisite approval thereof.

Agenda Item No. 2 Amendments Proposed in SAFE Charter

In furtherance of SAFE objectives and to provide for the proposed expansion of SAFE membership it is deemed essential to amend the SAFE charter accordingly. Moreover, with the establishment of permanent secretariat it has become inevitable to provide for certain checks and balances and define the role of the Secretariat and the scope of activities of SAFE.

Keeping in view the same, draft of the SAFE Charter containing proposed amendments, duly approved by the Chairman SAFE in a detailed meeting with the Secretary General, is attached herewith, for approval by the General Body. Comparative Table containing existing and proposed changes is attached herewith as "**Agenda 2(a)**" and updated charter is attached as "**Agenda 2(b)**".

Agenda Item No. 3 Formal Recognition of the SAFE Associate Members

In the previous EC Meeting it was proposed by Secretary General SAFE that in order to increase the income stream for SAFE and in order to achieve the objective of cross border trade, membership of SAFE may be extended to include the securities depositories, clearing companies and prominent commodity exchanges of the region as Associate Members.

The Secretary General's proposal was appreciated by the EC pursuant to which efforts were made by the Chairman SAFE and the Secretary General to consult potential new members, to obtain their expression of interest (EOI). A very encouraging response in this regard has been received, whereby almost all the entities have conveyed their EOI for the Associate Membership of SAFE. The list of entities, which have shown its interest to become the Associate Member of SAFE, is attached as "**Agenda 3**". However, it may be mentioned that out of total 13 entities, 5 organizations have already submitted their membership applications to SAFE for approval. Organizations, which have submitted the membership forms, are National Clearing Company of Pakistan Limited (NCCPL), Central Depository Services (India) Limited (CDSL), National Securities Clearing Corporation Limited – India (NSCCL), National Securities Depository Limited – India (NSDL) and Central Depository Bangladesh Limited (CDBL).

Therefore, it is proposed that the Associate Membership category at SAFE may be approved. At this stage, when the market intermediaries are required to be encouraged to join hands with SAFE, it is further proposed that the USD 2,500 as annual membership subscription for Associates Members may be considered and approved.

The approval of the General Assembly is requested for the said membership category and subscription.



Agenda Item No. 4	Ratification of Audited Accounts
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Draft half yearly accounts ending 31st December 2005 duly audited by M/s. KPMG Taseer Hadi & Co. Chartered Accountants are attached herewith as “**Agenda 4(a)**” for approval by the General Assembly. Statement of Accounting Policies is also attached as “**Agenda 4(b)**”.

Highlights of the half yearly accounts ending 31 December 2005, now fully consolidated are as follows:

- As compared to the figures from the previous year, as on 31 December 2005 the balance sheet showed an increase of 86% in the assets, from USD46,393 in 2004 to USD 86,263 in 2005.
- Accumulated surplus marked a substantial increase of 70% from USD 40,545 in 2004 to USD 68,970 in 2005.
- The income during the period under consideration depicted a remarkable increase of almost 150%. The figure rose from USD 35,683 in 2004 to USD 89,006 in 2005. One of the prominent contribution in the increase of income resulted from the grant of approximately USD 25,000 by the Islamabad Stock Exchange for initial set-up cost of the SAFE Secretariat, to be used for the purchase of transport for the Secretariat, IT equipment and other fixtures.
- The expenditure figure considerably increased by almost 42% from USD 42,100 in 2004 to USD 59,965 in 2005. It may be pertinent to mention here that the expenditure of almost USD 22,000 was incurred by Chittagong Stock Exchange on behalf of SAFE Secretariat Bangladesh, on account of salaries, honorarium and traveling and conveyance upto September 2005. It may also be highlighted that the major expense head amongst the expenditure account is for the Meetings, Seminars and Traveling, amounted to USD 37,815 and constituted 59% of the total expenditure for the year 2005. This money was spent on the travel and meeting arrangement expenses by CSE for EC and Annual General Meetings of SAFE.
- Besides the accounts, one of the major developments is the registration of SAFE in Pakistan as an NGO under the relevant laws.

The General Assembly is requested to approve the draft -audited accounts and also authorize the Chairman SAFE and the Secretary General to sign the accounts, the specific approvals and representation letter for the auditors for the purpose of finalization of accounts.

Agenda Item No. 5	Appointment of Auditors
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With regard to the appointment of auditors, the Executive Committee in its last meeting, decided as follows:

“The new Secretariat to hire international standard accounting firm for the audit of accounts for the next year and put up the name of the selected firm for ratification by the EC in the next meeting and ex-post facto sanction by the next AGM.”



Pursuant to the above referred decision, M/s. KPMG Taseer Hadi & Co. were appointed as the auditors of the Federation and in particular, for the half yearly accounts ending 31st December 2005 for total remuneration of Pak Rs.50,000 (excluding out of pocket expenses). The same is required to be ratified by the General Assembly. Also the same Auditors are needed to be appointed for the next two years, for which the approval of the General Body is sought accordingly.

Agenda Item No. 6 Elections for the Next Year

All the SAFE Members have been requested to send their nominations to the Secretariat for election of the Chairman, Vice-Chairman and Executive Committee Members. However, it is hereby proposed that the existing Chairman, Vice-Chairman and the Executive Committee Members should continue to hold their positions till next year, so that elections as per revised provisions of the SAFE Charter may be conducted, accordingly during the next year.

Agenda Item No. 7 MOU for SAFE Regional Index

It has been proposed by the SAFE Secretariat to develop a SAFE Regional Index, aimed at measuring and reflecting performance of leading stocks of the prominent market sectors, listed at the SAFE Member exchanges. The proposed Index, by providing an overview of the performance of 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, such as ETF and regional mutual funds.

The draft MOU shall be circulated separately for adoption by all members. SAFE Members are requested to sign an MOU of developing the said Regional Index.

Agenda Item No. 8 Venue of the Next General Meeting

To consider and decide venue for the next General Meeting. It may be mentioned that under the new business model of SAFE, it has been decided to curtail the expenditure that SAFE had hitherto spent on EC and Annual General Meetings. Accordingly, it has now been decided to organize regular South Asian Capital Markets Conference at the time of holding of SAFE General Meetings so as to not only curtail expenditure but also earn some revenue from this exercise. It is proposed that next meeting of SAFE be organized at suitable/attractive venue.

Agenda Item No. 9 Any Other Matter
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To consider and approve any other matter with permission of the Chair.