



SOUTH ASIAN
FEDERATION OF EXCHANGES

**Minutes of the Executive Committee Meeting of SAFE
Held on 25th & 26th August 2005,
at Bombay Stock Exchange Ltd., Mumbai, India.**

The meeting started with the welcome remarks from the chairman SAFE. The chairman welcomed all the participants to Mumbai and expressed his satisfaction that all the EC members were able to make it to the first EC meeting after the AGM at Islamabad. The Chairman also informed the EC meeting that Dr. Prasad from BSE and Mr. Aftab Ahmad Ch. from ISE were also participating in the meeting as observers. Thereafter the Chairman, on behalf of the EC thanked the ISE and its staff members for holding a successful AGM at Islamabad during May this year. He particularly lauded the services of the Chairman ISE, Mr. Abdul Waheed Jan and Mr. Aftab Ahmad Ch., MD/CEO ISE in connection with holding of last AGM. He also appreciated the gesture of the ISE for deciding to take care of all the AGM related costs for the sake of savings for SAFE.

Thereafter, the chairman started with the proceedings of the meeting agenda wise.

Agenda Item No. 1 Progress by Islamabad Stock Exchange regarding establishment of Permanent Secretariat in Islamabad, Pakistan

The Chairman informed the meeting that it was heartening to note that the ISE had progressed on fast track basis to establish the permanent Secretariat at Islamabad as he had been kept informed about the progress by the ISE on regular basis. He then invited Mr. Aftab Ahmad Ch., MD/CEO ISE to brief the participants of the meeting on the progress so far made on setting up of the permanent secretariat at Islamabad.

- a. SAFE Secretariat Progress: Mr. Aftab Ahmad Ch. informed the meeting that soon after the decision of the establishment of permanent secretariat in Islamabad, an independent accommodation had been hired by the ISE for the establishment of SAFE Secretariat at an annual rental cost of about US \$11,000. He stated that a three member staff had also been hired to look after the SAFE affairs which included the Deputy Secretary General, Office Support & Accounts Manager and a Computer Operator cum Receptionist. This staff has been hired after the consent and the information of the Chairman SAFE and the salary expense of same was being borne by the ISE which shall be debited to SAFE after transfer of funds. He said that basic organizational and administrative structure of SAFE shall be the same as presented in the budget estimates prepared by the old SAFE Secretariat and laid before the last AGM. But he added that staff strength of not more than ten members with the ability to perform multiple tasks could do an effective job for running the Secretariat on professional lines. In this connection, he highlighted the multiple skills of the new Deputy Secretary General who possessed dual qualifications of law and MBA, which would prove beneficial to the organization.

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- b. Registration of SAFE: Mr. Aftab also informed that he had already started the process of obtaining the initial registration of the Secretariat at Islamabad which will be followed by obtaining the international NGO status for SAFE. He said that the aim of this process was twofold; first to get the necessary legal status for tax exemption purposes for our organization; and secondly to enable the staff members of SAFE to be treated as International workers with duty free benefits for those people deputed to work at SAFE Secretariat from any other member exchanges. He said that the second process may take a while as it involves the Ministries of Foreign Affairs and the Economic Affairs of the Government of Pakistan for approving the international NGO status for the organization. Moreover, he said that for this purpose, we may need some sort of documentation from the member exchanges that a branch or local desk for SAFE existed in every exchange besides the registration documentation of the SAFE at Chittagong. He said that the SAFE Secretariat would inform and forward a draft of documentation required for this purpose from all the member exchanges. He also said that at the same time, SAFE was also busy in obtaining tax free status from the Central Board of Revenue and it could be done even if SAFE is registered as an NGO in Pakistan initially.
- c. ISE Grant of US \$25,000.00 to SAFE for Initial Set Up Cost: Mr. Aftab Ahmad Ch, informed the meeting that after the decision of the shifting of the permanent Secretariat of SAFE at Islamabad, the Board of Directors (BOD) of the ISE had decided to bear all the AGM related costs to the tune of US \$40,000/- . Besides, he stated that the ISE BOD had also approved a grant to the sum of approx US 25,000/- (PKR 1.5 Million) to be used for funding the initial set up cost such as the purchase of transport for the Secretariat, IT equipment and other fixtures of the new SAFE offices at Islamabad. He said that whereas the ISE had been meeting the small scale initial expenses from its own accounts which would be debited to SAFE upon receipt of funds from CSE, the purchase of other initial set up capital items against the ISE grant shall be made with the consent of the Chairman SAFE.
- d. Future Strategy of SAFE: Mr. Aftab stated that he had discussed the need for devising a five year strategy for SAFE with the Chairman SAFE so that some meaningful ambitious projects may be undertaken for the ultimate objective of the development of capital market of the region. He said that for this purpose it was his opinion that the next EC meeting may approve the future strategy of SAFE so that the donor agencies may be invited to provide funding/grant for our future projects in line with our strategic objectives.
- e. Enlargement of SAFE membership: Mr. Aftab said that looking at the income side of our accounts it becomes clear that SAFE is not in a position to run independently unless some further income generation strategy is followed. He said that for this purpose, he supported the enlargement of SAFE to include all Depository and Clearing Companies alongside the Commodity Exchanges of the



region as the Associate Members of SAFE. He said that this would not only ensure further revenue for SAFE but would also bring all capital market related institutions on one platform for the ultimate objective of achieving cross border trade within our region.

Discussing the progress highlighted by Mr. Aftab, the Chairman appreciated the gesture of ISE in making available a sum of US \$ 25000/- towards the initial set up cost for the purchase of transport, IT equipment and other fixtures for the SAFE Secretariat. He stated that now that the SAFE Secretariat has been established on permanent basis in Islamabad, Pakistan, all out efforts must be made to convert the SAFE Secretariat into a completely independent, professional, impressive and forward looking organization and for this purpose a necessary set up and infrastructure must be provided on immediate basis. He stated that other member countries would be more than willing to assist the SAFE Secretariat for obtaining International NGO status and urged that the help of all the exchanges must be available towards this objective. He also urged the need for devising a long term plan for the organization. He stated that the next meeting of EC should just focus on preparing the future strategy for SAFE wherein short, medium and long term goals must be identified and approved by the EC.

Discussing the agenda item, the other EC members also supported the ideas of Chairman SAFE at the outset. Dr. Prasad of BSE stated that SAFE should also consider holding different seminars/conferences on issues related to the Capital Market so as to generate further revenue through the holding of such seminars. He offered the whole hearted support of the BSE Training Institute for this purpose. Mr. Ahmad Rashid of DSE, Bangladesh also supported the idea of strategic formulation of SAFE objectives on the long term basis. He stated that with the establishment of permanent Secretariat, long time demand of international donors has been met. He appreciated the idea of SAFE enlargement and for obtaining international NGO status for the SAFE Secretariat and stated that all out efforts must be made to achieve these objectives. Considering the importance of quality human resource for SAFE's objectives, he stated that the SAFE strategy paper should also have some policy guidelines on the aspect of hiring and retaining the best team for the Secretariat. Mr. Hiran Mendis of CSE, Sri Lanka desired that the next strategic focus for the organization should be on the cross border trade and stated that SAFE must gear up to enable the SAFE member exchanges to trade with one another within our region. The idea of Mr. Mendis was discussed thoroughly and at the end was supported by all the members. The idea of the enlargement of SAFE was also agreed by the other EC members and it was decided that the Chairman may finalize this proposal on the input of the SAFE Secretariat. Thereafter the EC decided the following regarding the functioning of the permanent secretariat at Islamabad:

1. The transfer of all account balances by the old SAFE Secretariat at Chittagong to the new Secretariat at Islamabad must be completed within a period of four weeks latest by 25th Sep 2005 alongside the provision of a copy of audited accounts till the closure and transfer of funds by the present Secretariat.



2. The permanent SAFE Secretariat at Islamabad should initially comprise of five staff and other support personnel with a salary expense of about US \$ 15000 per annum during the first year. The EC also approved the rental expense of about US \$ 11000 per annum for the accommodation hired for the Secretariat and desired that other overhead and administrative costs/expenditures should be kept in control. Besides the recurring administrative expenses, the EC decided that the Chairman SAFE shall consent/approve all other capital, traveling, training costs and any addition to SAFE Secretariat staff in each case.
3. 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.
4. Next EC meeting to be held at the new Secretariat by January 2006 to discuss and approve the strategic plan for the organization. The Secretariat to seek comments and views of all member exchanges for the formulation of draft strategic plan.

Agenda Item No. 2: Appointment of New Secretary General

On the suggestion of the Chairman SAFE and Mr. Ahmad Rashid, the EC decided to appoint Mr. Aftab Ahmad Ch., as the new Secretary General for the organization who consented to perform the same role on honorary basis. The EC also decided that the matter of appointment of new full time Secretary General shall be looked into at a future time after the approval of strategic and business plan for the organization together with the improvement in the financial situation of the SAFE Secretariat.

On a motion of Mr. Aftab Ahmad Ch., and Mr. Ahmad Rashid, the EC passed a resolution to laud the role of the Chittagong stock Exchange and the outgoing Secretary General Mr. Maroof.

Agenda Item No. 3: Opening and Operating of New Bank Accounts at Islamabad

Mr. Aftab Ahmad Ch., informed the meeting that the SAFE Secretariat had obtained the names and the expressions of interest from three international banks in accordance with the SAFE policy namely the Citibank NA, ABN Amro and Standard Chartered Bank. He stated that according to him, the opening of bank account with Standard Chartered Bank was most appropriate and suitable keeping in view the vicinity of the bank to our new Secretariat. The meeting accordingly resolved the following:

“Resolved that the opening and the operating of SAFE related bank accounts by the Secretary General and the Deputy Secretary General SAFE is hereby approved. Further resolved that the bank accounts to be opened at any suitable branch of Standard Chartered Bank, at Islamabad.”



Agenda Item No. 3: Accounts and Budget of the Federation

The half yearly (Jan.-Jun.'05) audited accounts for the year 2005 and the budget for SAFE were presented by Mr. Maksud-ur-Rahman of SAFE. After discussion, the EC approved the same and directed that the transfer of funds to new Secretariat must be completed within a period of four weeks.

Agenda Item No. 4: SAFE's project on Listing Harmonization

Mr. P.S. Reddy of BSE apprised the EC members about the progress and the outcome of the 2nd RMC meeting of SAFE held on 23-24 August 2005 in Mumbai at BSE India.

Mr. Maksud-ur-Rahman of CSE informed the meeting that the consultants from the FirstInitiative had already prepared a report and questionnaire on the Phase-1 and now wanted to start the Phase 2 activities of the SAFE's project on Listing Harmonization with effect from the 1st week of September 2005. He said that the shifting process of the Secretariat was in progress and the said phase would require a lot of follow-up from the new Secretariat, as well as the member exchanges, therefore he suggested that the 2nd phase coordination work may be delayed till the completion of the shifting. The EC agreed to undertake the Phase 2 activities of the project from late October 2005.

Agenda Item No. 5: Next AGM Date and Venue

The Committee desired that a tentative calendar of the meetings including the willingness from the host countries for the holding of SAFE AGMs and EC meetings should be obtained by the Secretariat from all the member countries. The meeting decided that the agenda to be finalized upon the recommendations of the SAFE Secretariat.

Any other Item:

On the suggestion of the Secretary General, the EC authorized the SAFE Secretariat to plan and initiate the discussions with the regional depository, clearing and commodities exchanges for inviting these entities to the membership fold of SAFE. The EC also authorized the SG to plan and propose changes in the SAFE charter for the effective functioning of the enlarged SAFE general body and desired that the outcome of the same to be presented in the next EC meeting.

There being no agenda item to consider, the meeting ended with a vote of thanks to the chair.

Rajnikant Patel
Chairman SAFE