



No. 01 of 2008

January 30, 2008

Minutes of the Executive Committee Meeting
of the
South Asian Federation of Exchanges (SAFE)

1. The first meeting of SAFE EC for the year 2008 was held at Hotel Dhaka Sheraton, Bangladesh. The meeting was attended by the following SAFE EC members:

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| 1) Mr. Rajnikant Patel | Chairman SAFE |
| 2) Mr. Ahmed Rashid | Vice Chairman SAFE |
| 3) Mr. Adnan Afridi | Member |
| 4) Ms. Chitra Ramakrishnan | Member |
| 5) Mr. Rewat Bahadur Karki | Member |
| 6) Mr. Aftab Ahmad Ch. | Secretary General |

2. The leave of absence was granted to Mrs. Surekha Sellahewa, Member EC.

3. The meeting was also attended by the following:

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|---------------------------------|------------------------------|
| 1) Mr. Sanjay Saksena | International Relations, BSE |
| 2) Ms. Sanam Shadani
General | Designated Deputy Secretary |

Proceedings of the Meeting

1. The Chairman of SAFE welcomed the participants of the first EC meeting of SAFE to Dhaka and thanked them for taking their time out for attending to the business of SAFE. At the outset, he also thanked Mr. Ahmed Rasihd, Vice Chairman SAFE and the Board of DSE for their hospitality and attention to details in ensuring the arrangements for the Second South Asian Capital Markets Conference.

2. The Chairman and other EC members also welcomed Mr. Adnan Afridi, on his nomination on the SAFE EC as a representative of KSE.

3. Thereafter, he started the formal proceeding of the meeting agenda wise.

Agenda Item # 1: To confirm the minutes of the previous meeting
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1. The Chairman informed the meeting that the minutes of the last meeting of the SAFE EC which was held on January 24th, 2007 at Karachi had been circulated to all EC members in advance. He, then, invited the Secretary General to brief the members on the proceedings of the last meeting for the information of those who could not attend the last meeting.

2. The Chairman also asked Secretary General to brief the members about the progress on points discussed and decided during the last meeting, to which the following information was provided by the SG:

- 1) Progress on the approval of Tripartite Agreements by the member exchanges: The SG informed the meeting that based on the decision of last EC, the idea for seeking the approval of MoU from the member exchanges was dropped to avoid double approval process and instead a Tripartite Agreement was drafted in consultation with Dow Jones and forwarded to all member exchanges. He said that whereas approval from all main exchanges had been received, on the basis of which the Joint Marketing Agreement between SAFE and DJI has already been signed, however, Lahore Stock Exchange, National stock Exchange of India and Royal Securities Exchange of Bhutan had not yet approved the said agreement. The Chairman asked that although most of the other main data providing exchanges had already signed the agreement on the basis of which the Dow Jones-SAFE Index could be launched, but efforts must still be made by SAFE Secretariat to seek the approval of the agreements from the left over exchanges.
- 2) Status of Joint Marketing Agreement and the launch of Dow Jones-SAFE index: The SG informed the meeting that based on the decision of last EC meeting, the JMA between SAFE and DJI has been finally signed on Jan 09, 2008. He said that delay in the signing of the JMA was due to long time taken by member exchanges to send their respective approvals of the Tripartite Agreements without which the JMA could not have been signed by SAFE. As far as the launch of the index was concerned, the SG informed the meeting that the Secretariat was in touch with DJ team in NY, and as soon as the issues concerning the reliability of data from our member exchanges were sorted out, the DJI would inform us about the expected date of launch of the index, which may be launched initially on the end of day basis. He said that EC would be kept informed about the developments taking place with DJI by the SAFE Secretariat.
- 3) SAFE Executive training Program: The SG informed the meeting that based on the suggestion of Mr. Ahmed Rashid during the last EC meeting, SAFE Secretariat designed and conducted the first ever training program under its own arrangements titled "International Training program for securities market professional". He stated that BSE provided assistance in the conduct of this program by sending some key training resource persons to Islamabad. He said that the said program was a huge success considering that it was the first ever

program launched by SAFE. The Chairman congratulated the SAFE Secretariat on the holding of this program, and also appreciated Mr. Ahmed Rashid for proposing such a wonderful idea for implementation. Mr. Adnan Afridi also stated that SAFE should endeavor to establish a permanent regional securities institute with satellite campuses in all countries so as to promote the development of human resource needed for the securities markets of the region besides promoting investors education. All other EC members appreciated this idea and decided that SAFE EC may conduct some feasibility study on this proposal and put up the same for the information of EC members.

4) Affiliate status of SAFE with other Exchange Associations: The SG informed that SAFE Secretariat had initiated communications with some relevant associations for the mutual grant of affiliate status on reciprocal basis. He said that EC shall be informed whenever something conclusive is mutually agreed with these sister associations.

3. Following this detailed discussion on the previous meetings' minutes and progress thereon, the Chairman announced the confirmation of the minutes on the proposal of Mr. Ahmed Rashid, duly seconded by the Mr. Adnan Afridi. The approved minutes are hereby attached with these minutes as Exhibit A.

Agenda Item # 2: Annual Accounts of SAFE for the year ended December 31, 2007
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1. The Chairman invited SG to brief the Executive Committee on the salient aspects of the last years' accounts of the Federation. To this, the SG presented a detailed management report to the Executive Committee on the draft audited accounts for the year 2007.

2. SG informed the meeting that for the third year in a row, after the establishment of the permanent Secretariat of SAFE at Islamabad, Pakistan, SAFE has shown a consistent trend in almost all the notable areas of financial stability such as consistency in the income of the Federation and the resulting impact of the accumulated surplus on the financial health of SAFE. On the whole, the total income of the Federation for the year stood at USD 88,474/- which was 19.5% above the 2006 recorded income. The income for the year was marginally (0.59%) less than the highest ever income recorded by the Federation during the year 2005. It may be mentioned that during 2005, the income of the Exchange was boosted by a special donation of USD 25,000/- by ISE towards the logistical support to the Federation for the purchase of transport and other capital goods upon the establishment of the permanent Secretariat of SAFE at Islamabad, Pakistan.

2. SG further informed the meeting that on the expenditure side, the Federation again recorded only a marginal increase of 2.9% during the outgoing financial year as opposed to the expenditures recorded during the year 2006.

3. The SG also presented the following brief highlights of SAFE's historical financial statements:

1) **Income & Expenditure Review from 2000 to 2007:** The salient highlights of the income and expenditure account during the last seven years is given hereunder:

DETAILS	2007	2006	2005	2004	2003	2002	2001	2000
	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$
INCOME	88,474	74,089	89,006	35,683	38,232	33,986	40,363	42,000
EXPENDITURE	(61,365)	(59,649)	(59,965)	(42,100)	(30,820)	(37,164)	(33,922)	(5,713)
Surplus/(Deficit) for the YEAR	27,109	14,440	28,425	(6,417)	7,412	(3,178)	6,441	36,287
Foreign currency adjust	(2,092)	(255)	(639)	---	---	---	---	---
Accumulated surplus brought forward	82,516	68,331	40,545	46,962	39,550	42,728	36,287	-
Accumulated surplus carried forward	107,533	82,516	68,331	40,545	46,962	39,550	42,728	36,287

(2) **Balance Sheet Review from 2000-2007:** The salient highlights of the balance sheet items during the last seven years are given hereunder:

PARTICULARS	2007	2006	2005	2004	2003	2002	2001	2000
	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$	Amount in US \$
NON CURRENT ASSETS	77,192	5,234	6,029	2	230	921	1,611	---
CURRENT ASSETS	53,930	105,105	80,234	46,391	52,927	47,867	51,513	37,597
Total Assets	131,122	110,339	86,263	46,393	53,157	48,788	53,124	37,597

CURRENT LIABILITIES	22,039	27,823	17,932	5,848	6,195	9,238	10,396	1,310
NON - CURRENT LIABILITIES	1,550	---	---	---	---	---	---	---
SURPLUS of Revenue on Expenditure	107,533	82,516	68,331	40,545	46,962	39,550	42,728	36,287
Total Liabilities	131,122	110,339	86,263	46,393	53,157	48,788	53,124	37,597

- (3) **Income & Expenditure Account for the Year Ended 31-12-2007:** Comparative statements of income and expenditure for the year ended 31-12-2007 vis-a vis the last financial year is appended below for the information of EC:

Highlights of Accounts for 2007

PARTICULARS	Amount in USD			%
	December 2007	December 2006	Inc/(Dec) from last year	Inc./(Dec.)
Total Revenue	88,474	74,089	14,385	19.42
Total Expenses	61,365	59,649	1,716	2.88
Surplus/(Deficit)	27,109	14,440	12,669	87.74

Comparison of Actual Income Vs Forecast Income (Budget 2007)

PARTICULARS	Amount in US \$			%
	Dec 07 Actual	Dec 07 Forecast	Inc./(Dec.)	Inc./(Dec.)
Revenue				
Annual Subscription	80,000	82,500	(2,500)	(3.03)
Profit on Investment and Bank Deposits	785	----	785	100.00
Surplus of Conference Sponsorship	6,081	10,000	(3,919)	(39.19)
Other Income	1,609	12,000	(10,391)	(86.60)
Total Revenue	88,474	104,500	(16,024)	(15.32)

Comparison of Actual vs. Budgeted Expenses

PARTICULARS	Amount US \$			%
	Dec 07 Actual	Dec 07 Budgeted	Inc./(Dec.)	Inc./(Dec.)
Salaries and benefits	23,611	29,337	(5,726)	(19.52)
Printing and Stationary	1,942	2,917	(975)	(33.42)
Meeting, Seminars and traveling	16,831	30,300	(13,469)	(44.45)
Rent rate and taxes	2,914	4,400	(1,486)	(33.77)
Communication	2,694	3,200	(506)	(15.81)
Utilities and Maintenance	643	1,200	(557)	(46.42)
Entertainment	687	1,000	(313)	(31.3)
Audit fee	1,643	1,667	(24)	(1.44)
Depreciation	8,437	8,395	42	0.50
Amortization	867	0	867	100
Bank Charges	151	500	(349)	(69.8)
Misc. Expenses	936	1,200	(264)	(22.0)
Total Expenses	61,365	84,116	(22,751)	(27.05)

3. The Executive Committee discussed the draft annual accounts. The Chairman asked the SG about the investing policy of SAFE. To this the SG informed the meeting that SAFE was only investing part of its surplus in the fixed term deposit. Mr. Adnan Afridi enquired as to whether the said term deposit account is maintained in USD or PKR currency. To this the SG replied that the amount is invested after conversion into PKR as USD TDs bear a very little rate of return. After further discussion, the EC resolved as under:

“Resolved that draft audited accounts for the year 2007 together with the Auditor’s Report be and are hereby approved.”

“Resolved further that the Chairman and the Secretary General SAFE, be and are hereby authorized to sign the approved annual accounts of the Federation for the year 2007, for and on behalf of the Executive Committee”

“Further resolved that the Secretary General SAFE be and is hereby authorized to sign the representation letter for the auditors for and on behalf of SAFE.”

Agenda Item # 3: Draft Chairman’s Review

1. The SG informed the meeting that under Article 9.4.3, the activities of the Executive Committee are required to be reported to the General Assembly by the Chairman at any regular or special meeting of the general body. As such, he presented a draft Chairman’s review for the information of the EC. The Chairman read over the contents of the draft review for the year 2007 as well as the future agenda of SAFE for the year 2008. All EC members appreciated the Chairman’s announced goals for the Federation for the future years. Mr. Adnan Afridi especially appreciated the idea of the establishment of the South Asian Institute of Capital Market Studies. He stated that the SAFE Secretariat must use its best contacts and make all out efforts in getting some sort of grant for the conduct of the feasibility study on the project, and must report to the EC for its further action. All other EC members agreed.

2. After discussion, the EC approved the draft Chairman’s review for the year 2007, which is attached with these minutes as Exhibit B, and passed the following resolutions:

“Resolved that the Chairman’s review on the financial statements and other activities of SAFE for the year 2007, be and is hereby adopted for presentation to the General Assembly.”

Agenda Item # 4: SAFE Annual Budget for the year 2008

1. The Chairman informed the meeting that as per Article 11.2 of SAFE's charter, all finance and budget policies of SAFE are required to be approved by the Executive Committee of SAFE. He further stated that as per this requirement, SAFE Secretariat's budget is approved by the EC regularly. He then invited the SG to brief the EC about the salient aspects of the Federation's budget for the next year.

2. The SG highlighted the following salient aspects of the budgetary estimates for the next financial year for the Federation:

- During the year 2008, the Income of the Federation is forecasted to be USD 122,850/- which shall be 39% more than 2007 Revenue. Whereas the Income for the next year shall mainly come through the annual subscriptions, however it is expected that the Federation would also earn sizeable income through new and diversified sources such as from the SAFE conference/training programs (USD 10,000/-) from South Asian Journal (USD 3,000/-) and from the share of license fee from Dow Jones-SAFE Index (USD 10,000/-). Moreover the Federation would also earn about USD 9,850/- from the interest income mainly due to the increased surplus held in SAFE balance sheet.
- On the expenditures side, it is expected that the Federation would also undergo an increase in expenses which shall be 39% more than the last year's expenses. The main contributor to the increase in expenses is expected to be the head of salary and benefits which shall rise by about 50% due to raise in compensation and new hiring. Similarly, the costs of printing and stationery and meetings, seminars and traveling are also likely to go up.
- The Federation is expected to earn a surplus of about USD 37,445/- during the next year, which will be the highest ever in the history of SAFE.

2. The EC members discussed the budgetary estimates in detail and approved the same, which are attached as Exhibit-C with these minutes, and passed the following resolution:

‘Resolved that budgetary estimates of the Federation for the year 2008, be and are hereby approved.’

Agenda Item # 5: Appointment of New Deputy Secretary General of the Federation

1. The SG informed the meeting that previous DSG of the Federation, Ms. Farzin Khan was appointed as the Deputy Secretary General of SAFE following the decision of the Executive Committee on Nov. 17, 2006. He stated that Ms. Farzin had been a diligent and enthusiastic worker but unfortunately, she has recently informed SAFE about

her intended plan to move to Mongolia following the appointment of her spouse at a permanent UN Mission in Mongolia. In the wake of this development, another suitable person was needed to be appointed to look after the SAFE affairs on regular basis as well as to be part of the SAFE's team to look after the ongoing conference arrangements and logistics. He stated that on the recommendation of the outgoing DSG, few individuals were interviewed and another very able professional namely Ms. Sanam Shadani has been identified about whom the Chairman SAFE had been informed accordingly. He further stated that Ms. Sanam is the holder of degree of Bachelor of Arts from the University College of Utrecht, Netherlands and has most of her schooling in international schools, as her father had been a career diplomat in the Foreign Services of Pakistan. Ms. Sanam has been associated with various corporate and social sector organizations and has also notably served as an Assistant at The Hague Academy of International Law. He further informed the meeting that Ms. Sanam had been requested to be available for her introduction with the EC.

3. The Chairman welcomed Ms. Sanam to the meeting and asked her to introduce herself to the EC members, which was accordingly done. The Chairman welcomed Ms. Sanam as part of the SAFE Secretariat and hoped that with her involvement SAFE would be able to make further progress towards the goal of integration of the regional markets. The EC, thereafter, resolved as under:

“Resolved that Ms. Sanam Shadani’s appointment as the Deputy Secretary General of SAFE, be and is hereby confirmed at a monthly salary of USD 850/- along with SAFE provided car and other standard benefits such as group life/health insurance, annual gratuity, etc.”

Agenda Item # 6: New Signatories for handling SAFE Accounts
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1. The SG informed the meeting that as per Article 11.5 of the SAFE Charter, the Bank Accounts of the Federation are required to be opened and operated by the Secretary General and Deputy Secretary General of the Federation or by any such staff of the SAFE Secretariat as may be authorized by the EC. He stated that with the appointment of new DSG, the new sets of signatories are needed to be appointed by SAFE EC.

2. In view of the foregoing, he proposed that the EC may approve the new set set of signatories comprising of the SG and the DSG to operate the SAFE's Bank accounts. After consideration of the matter, the EC resolved as uder:

“Resolved that Mr. Aftab Ahmad Ch. (SG SAFE) and Ms. Sanam Shadani (DSG SAFE) be and are hereby appointed as the new signatories for the joint handling and operating of SAFE's accounts; to sign all cheques; and other bank related documents for and on behalf of SAFE.”

“Resolved further that all previous arrangements made with the banks for handling, operating of SAFE's accounts and for signing of cheques and other banking documents be and is hereby cancelled accordingly.”

“Further resolved that Secretary General SAFE be and is hereby authorized to comply with all the formalities in this regard.”

Agenda Item # 7: Amendments to SAFE Charter
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1. The Chairman invited the SG to brief the EC about the background and the need for the changes in the SAFE charter. To this, the SG informed the EC that in order to obtain the tax waiver on the income of the Federation, SAFE Secretariat had approached the local tax authorities in Pakistan through our tax consultant. During discussions on this matter, it had been identified that whereas SAFE had been duly registered as a voluntary social welfare agency under the relevant laws in Pakistan, however, the charter of SAFE nowhere mentions that our Federation is a not for profit entity. Similarly, some other deficiencies in our charter had been identified by the tax authorities. As a result, the tax consultant of the Federation has recommended that certain needed and consequential amendments may be carried out by the Federation before our application is forwarded to the local tax authorities.

2 In view of the foregoing, the SG presented a chart showing the proposed changes in the SAFE’s charter. The EC members went over the proposed changes one by one. Mr. Ahmed Rashid enquired as to whether the proposed changes in any way would empower the Secretariat to take independent financial decisions or otherwise. To this, the Chairman replied that EC charter was very clear that all finance and budget related policies of SAFE are required to be approved by SAFE EC, and the proposed changes in any way would not dilute the powers of the EC, and any decision to invest the surplus funds of SAFE would still be subject to the overall EC’s policy on the investment of surplus funds. Mr. Adnan Afridi also seconded the views of the Chairman.

3. The EC, after further deliberations, decided to approve the proposed changes, as included in Exhibit-D, and resolved as under:

“Resolved that the draft changes to the SAFE’s Charter be and are hereby recommended for adoption by the General Assembly.”

Agenda Item # 8: SAFE’s Membership

1. The Chairman asked SG to brief the EC about the purpose of the instant agenda item. The SG informed the meeting that Capital Market Development Authority of Maldives (CMDA) has recently written to SAFE Secretariat that the membership of SAFE held in the name of Maldives Stock Exchange may please be converted in the name of the Maldives Stock Exchange Company (Pvt.) Ltd., as the new company has been given the license to operate the stock exchange in Maldives, after the privatization of its stock exchange.. He informed the meeting that the Executive Committee of SAFE under Article 4.1.2 of the Charter of SAFE is required to approve the said conversion.

2. The EC considered the agenda item, and resolved as under:

“Resolved that the membership of the Maldives Stock Exchange Company (Pvt.) Ltd. as a primary member of SAFE be and is hereby approved.”

“Further resolved that the conversion of the above mentioned membership of SAFE be and is hereby recommended for confirmation of the General Assembly as required under Article 4.1.5 of the SAFE’s Charter.”

Agenda Item # 9: The matter of Election for new Executive Committee of SAFE

1. Briefing on the background of the matter, the SG informed the meeting that under the new charter of SAFE, which was approved and became effective on Nov 17th, 2006, it was provided that Six (6) members of the Executive Committee shall be elected by the General Assembly for two (2) years term. He further stated that previously the term of the Executive Committee used to be one year under the old charter. He said that the updated charter also required that no SAFE member whose authorized nominee had served for two consecutive terms (of two years each) would be eligible for election/nomination for third term unless a period of one term had elapsed in between such terms.

2. He informed the meeting that upon the approval of the updated charter, six following members were duly unanimously elected in the 6th Annual General Assembly meeting held on 17th Nov, 2006 for two years term that all came from the stock exchanges group:

1. Mr. Rajnikant Patel, BSE
2. Mr. Ahmad Rashid, DSE
3. Ms Chitra Ramkrishna, NSE India
4. Mr. Rewat Bahadur Karki, NSE
5. Mrs. Surekha Sellahewa, CSE
6. Mr. Zaffar A. Khan, KSE

3. The SG informed that meeting that subsequent to the election of the new EC, Mr. Rajnikant Patel was unanimously elected as the Chairman of SAFE and Mr. Ahmad Rashid was elected as the Vice Chairman of SAFE in the joint meeting of the same General Assembly and the newly elected EC.

4. The SG further stated that the previous elections to the EC had been held during May 2005 wherein the nominees from BSE, DSE, ISE, CSE and Royal Exchange of Bhutan were elected under the terms of the previous charter. He stated that at the time of elections during 6th AGM, it was proposed that as the data from only the major exchanges of the SAFE countries would be included in the upcoming project of SAFE index, therefore the fresh EC should comprise of all major exchanges so that their involvement and support in the project of the launch of South Asian Index could be guaranteed. Accordingly, he said that the General Body elected the representatives from

National Stock Exchange India, Karachi Stock Exchange and Nepal stock Exchange as the new members of EC instead of ISE and Royal Exchange of Bhutan, against the two vacancies and one additional vacancy occurring due to increase in the number of EC members.

5. He stated that the new Charter of the SAFE had required that four EC Members would have to be from the Stock Exchange Group and two Members have to come from the Group other than the stock exchanges. However, as all new members of SAFE from other than the stock exchange group had been accepted as new members of SAFE in the previous meeting, therefore, no nomination had been received from this group. Accordingly, he informed the meeting that during the last AGM, it was proposed that as no nomination had been received from the group other than the stock exchanges, the General Assembly may consider electing all EC members from amongst the group comprising of the stock exchanges, which was duly done. At the same meeting, it was also proposed by the Secretary General that although the new EC is deemed to be elected for two years term as per the adopted updated charter, however it may be noted that it contains no representative from the group other than the stock exchanges. He suggested that for the purpose of involvement of the new members of SAFE who mainly comprised of the group other than the stock exchanges, it may be best **if the entire elected EC resigns at the end of 2007** so as to seek fresh nominations from both groups comprising of the stock exchanges and other than the stock exchanges, and **then fresh elections may be held in the next Special General Assembly Meeting of SAFE.** After discussions, it was agreed that SAFE Secretariat may seek fresh nominations from all SAFE members for the election of the EC on the eve of the next Annual General Assembly meeting so as to gauge the interest of the group comprising of the members other than the stock exchanges, if any, where after, the EC Members may resign to pave the way for the election of the new EC.

6. In view of the foregoing decision, he informed the meeting that SAFE Secretariat had accordingly sought fresh nominations from all primary as well as associate members of SAFE on January 1st, 2008 for elections to the EC, indicating a deadline of January 15th, 2008 for the receipt of all nominations as required under Article 9.2.3 of the SAFE Charter. In response to this notice, he informed the EC that following nominations had been received at the Secretariat within the given deadline. Besides, he further informed that in addition, another nomination of Mian Shakeel Aslam, Acting Managing Director of Lahore Stock Exchange was also received on January 18th, 2008:

1. Mr. Rewat Bahadur Karki, General Manager of Nepal SE (Already on EC)
2. Mr. Adnan Afridi, Managing Director, Karachi Stock Exchange (Already on EC)
3. Mr. Fakhor Uddin Ali Ahmed, Vice President, Chittagong Stock Exchange
4. Mr. Sunil Benimadhu, CEO, the Stock Exchange of Mauritius

7. In view of the foregoing briefing, the EC discussed the agenda item at length. All EC members were of the view that it was best if the matter is discussed and decided at the forum of the General Assembly, where the SG may brief the members about the background of the matter.

Agenda Item # 10: Any other matter with the permission of Chair

At the end of the meeting, the Chairman stated that on behalf of the EC and all other members of SAFE, he would like to record the appreciation for the valuable work of the SAFE Secretariat and BSE team for working in great coordination to plan the holding of the conference in a befitting manner.

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

Rajnikant Patel
Chairman SAFE