



No. 2 of 2009

March 11, 2009

## MINUTES OF SAFE EXECUTIVE COMMITTEE MEETING

1. The 2nd meeting of SAFE EC for the year 2009 was held on March 11, 2009 at 11:00 AM at the Executive Board Room of Inter-Continental Hotel, Abu Dhabi, UAE. The meeting was attended by the following EC members:

1) Mr. Adnan Afridi	Chairman
2) Mr. Fakhor Ud din Ali Ahmed	Vice Chairman
3) Mr. Mohammad Lukman	Member
4) Mr. Aftab Ahmad Ch.	Secretary General

2. The leave of absence was granted to the following:

1) Mr. Shankar Mann Singh	Member
2) Mr. Joseph Massey	Member
3) Mr. Rashid Al Baloushi	Member

3. The meeting was also attended by the following special invitees:

1) Dr. Bandiram Prasad	FMKTC/MCX
2) Mr. Tahir Ul Mulk Kahlon	Senior Program Officer SAFE

### Proceedings of the Meeting

1. With the consent of the EC members, Mr. Adnan Afridi was invited to chair the instant meeting. He graciously agreed and took the Chair. He welcomed the participants and thanked them for taking time out to attend the meeting.
2. Thereafter, the Chairman started the proceedings of the meeting agenda wise.



**Agenda Item No. 1: To confirm the minutes of the last EC Meeting**

1. The consideration of Minutes of the first meeting of SAFE held on the same day i.e. March 11, 2009 at 9:00 AM was deferred and it was decided that the minutes would instead be taken up during the 3<sup>rd</sup> EC meeting, which would be convened within the forthcoming quarter.

**Agenda Item # 2: To Elect the Chairman and the Vice Chairmen of SAFE**

1. The SG informed the house that the newly elected EC, in its very first meeting after election, is required to elect Chairman and the Vice Chairmen of the Federation for two years term from amongst its elected members in accordance with Article 9.3 of SAFE Charter. Accordingly, he requested the meeting to take up the agenda item to decide on the name of the Chairman and the two Vice Chairmen of SAFE for the next term.
2. Before proceeding further, Mr. Mr. Fakhor Ud din Ali Ahmed stated that as discussed in the general assembly, the number of members on the EC should be enhanced to eight from current seven members and also that there should be three VCs of SAFE instead of two. The EC members discussed the matter and decided that as the general assembly had already decided in principle to amend the Charter as proposed in the meeting subject to the legal vetting of the desired changes, therefore the in-principle decision of the general assembly can be implemented from the instant meeting onwards.
3. In view of the above, the EC members advised the Secretary General to put up the draft of the legally vetted amendments to the Charter during the forthcoming meeting of the EC, and decided to go ahead with the election.
4. On the proposal of Mr. Bandiram Prasad, the EC decided on unanimous basis to elect Mr. Adnan Afridi as the Chairman of the Federation for the next term. Thereafter, in line with the spirit of the amended Charter, the EC elected the following three Vice Chairmen for the next term:
  - 1) Mr. Fakhoruddin Ali Ahmed
  - 2) Mr. Joseph Massey
  - 3) Mr. Rashid Al Baloushi
5. The EC members congratulated the elected office holders of SAFE for the next term and hoped that the new EC would continue the efforts to



- broaden the level of cooperation existing amongst the member entities. On this occasion, Mr. Adnan Afridi also addressed the EC and thanked the EC Members for reposing their confidence in him and stated that he would try his utmost to promote the objects of SAFE and to further the cooperation amongst the members of the Federation. As an acknowledgement for the support shown by MCX for his unanimous election, he proposed to step down next year i.e. during 2010 so as to pave the way for Mr. Joseph Massey to take over the Chairmanship of SAFE for the remaining period of the next term ending during 2011. According to him, he was doing it purely to further the spirit of mutual cooperation and understanding amongst the member entities.
6. The proposition was widely hailed by all the members who termed this offer as the true manifestation of the spirit of cooperation existing between the institutions of the Federation. However the EC decided that since the term of office of the Chairman of SAFE is for two years as per the Charter, therefore the EC cannot pass a resolution to reduce the same period. But the EC opined that in case Mr. Afridi decided to step down, then it would surely like to elect Mr. Joseph Massey as the next Chairman of SAFE.
  7. On the proposal of Mr. Fakhoruddin Ali Ahmed, the meeting also acknowledged that the SAFE members from one country may decide to rotate the term of office at the EC by mutual consent, however the same shall not be a policy decision of the EC just as was the case in respect of the term of office for the SAFE Chairman.

### **Agenda Item No. 3: Budget for the year 2009**

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 EC of SAFE. He said that as per this requirement, the budget for SAFE is approved regularly on annual basis by the EC. He then invited the SG to brief the EC about the salient aspects of the Federation's budget for the year 2009.
2. Thereafter, the SG highlighted the following salient aspects of the budgetary estimates for the next financial year of the Federation:
  - i) During the year 2009, the income of the Federation is expected to be US\$128,455 which shall be 4.6% more than that of 2008.
  - ii) The income for the year 2009 shall mainly come through the annual subscriptions, the SAFE conference/training programs, South Asian Capital Markets Journal and from the share of



license fee from Dow Jones SAFE 100 Index. Moreover, the Federation would also earn about US\$7,955 from the interest income mainly due to the increased surplus held in SAFE balance sheet.

- iii) On the expenditure side, substantial increase of 30% in expenses is forecasted over the last year budgeted expenses, which will rise to USD 111,597/-.
  - iv) The main contributor to the increase in expenditure was expected to be the head of salary and benefits which shall rise by about 35% due to rise in compensation and new hirings for the position of the Research Officers who had been mainly hired for the projects of Capital Markets Journal as well as for SAFE Institute of Capital Markets. Similarly, other costs such as that of utilities & maintenance, printing & stationery, meetings, seminars & travelling and rent rates & taxes.
  - v) The Federation would earn a surplus of about US\$16,858 during the next year.
  - vi) In addition, a capital expenditure of US\$2,244 is also envisaged for 2009.
3. Initiating discussion on the proposed budget, the Chairman asked about the likelihood of meeting the revenue targets during the ongoing year. To this the SG informed the meeting that as of then all the member entities from India except MCX had not cleared their dues to the Federation and also the holding of any successful program/conference in the region seemed difficult in the very near future due to the security situation in the region. He further said that due to the slowdown in the financial markets the world over; the income from the Licensing fee of the Dow Jones SAFE index may also not materialize. He said that because of all these reasons, it may be possible that the revenue targets are not met, however he stressed that despite all these reasons it should be the goal of the Secretariat to achieve these targets. Mr. Muhammad Lukman asked that if the revenue targets are not met, then how the Secretariat shall be able to maintain itself. To this the SG replied that in that case the Secretariat would have to control its expenditures. He said that as of now there were three main cost centers which are the salaries, the travelling cost of the EC members and the office rent. He said that in order to sustain itself, the Secretariat would have to reconsider some sort of cost cutting in all these areas.
4. The EC discussed the matter in detail and formed the opinion that the budget should be passed as presented to the EC, however, the EC decided that at the end of the 2<sup>nd</sup> quarter, a review of the actual vs the



budgetary targets shall be conducted for any cost cutting measure. The EC passed the following resolutions accordingly:

***“Resolved that budgetary estimates of the Federation for the year 2009 be and are hereby approved;***

***Resolved further that both the Chairman and the SG are authorized to sign the budgetary authorizations for the FY 2009 attached herewith these minutes;***

**Agenda Item No. 4: Matter of withdrawal requests of NSDL and CDSL from SAFE Membership**

1. The SG informed the meeting that NSDL and CDSL, both associate members of the Federation had requested the Secretariat for discontinuation of their SAFE membership. However, they have failed to meet their obligations of paying annual membership subscriptions besides, complying with the criteria as set out in Article 4.3.1, he further added.
2. The meeting discussed the agenda item in detail and it was decided that the subject matter be referred to the Chairman who should convince both the member not to withdraw their membership from SAFE.

**Agenda Item # 5: Any other Matter**

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

Adnan Afridi  
Chairman SAFE