



SOUTH ASIAN  
FEDERATION OF EXCHANGES

No. EC/01/2010

Apr 01, 2010

**MINUTES OF THE FIRST EXECUTIVE COMMITTEE MEETING OF SAFE  
FOR THE YEAR 2010**

1. The First Executive Committee (EC) Meeting of SAFE for the year 2010 was held on Apr 22, 2010 at 4:45 PM at the Board Room of Hotel Maritim, Mauritius.
2. The meeting was attended by the following EC Members:
  - 1) Mr. Adnan Afridi Chairman SAFE
  - 2) Mr. Fakhor Uddin Ali Ahmed Vice Chairman SAFE
  - 3) Mr. Joseph Massey Vice Chairman SAFE
  - 4) Mr. Muhammad Lukman Member
  - 5) Mr. Aftab Ahmad Ch. Member/Secretary General (SG)
3. The leave of absence was granted to the following EC Members:
  1. Mr. Rashed A. Al-Baloushi Vice Chairman
  2. Mr. Shankar Man Singh Member

**PROCEEDING OF THE MEETING**

1. The Chairman of the Federation Mr. Adnan Afridi chaired the meeting. At the outset, he thanked all EC Members to make it to the meeting. He especially thanked the Stock Exchange of Mauritius, Global Board of Trade and MCX SX for hosting the South Asian Capital Markets Conference as well as the annual general assembly of the Federation.
2. On the vote proposed by Mr. Muhammad Lukman, the meeting passed a unanimous resolution to commend the cooperation and the hospitality of all three exchanges for hosting the arrangements for the conference and their unparalleled hospitality extended to all delegates.
3. Thereafter the meeting started with the proceedings of the meeting agenda wise.

**Agenda Item No. 1:** To confirm the minutes of the previous EC Meetings

1. The minutes of the previous EC Meeting held on August 7, 2009 at the Exchange Square, MCX, Mumbai, India were enclosed in the agenda papers for the meeting. However, the Chairman asked the SG to apprise the EC about the salient points of the meeting, which was done by the SG.



2. On the proposal of Mr. Joseph Massey duly seconded by Mr. Muhammad Lukman, the meeting passed the following resolution:

**“Resolved that the minutes of SAFE EC meeting held on Aug 7, 2009, be and are hereby approved;”**

**“Resolved further that the Chairman SAFE, be and is hereby authorized to sign the minutes for and on behalf of the EC.”**

<b>Agenda Item No. 2:</b> Brief on SAFE activities since the last EC Meeting
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1. The Chairman SAFE asked SG to apprise the meeting about the activities of the Federation undertaken by the SAFE Secretariat since the holding of the last meeting.
2. SG informed the meeting that in the last EC meeting held on Aug 7, 2009, various new initiatives were approved for maximizing the visibility and relevance of SAFE besides increasing the revenue generation capacity of the Federation. He said that side by side with the EC approved initiatives, some regular initiatives were also implemented by SAFE during the period under review. Broadly, he highlighted the following activities as having been undertaken by the SAFE Secretariat during the period under review:
  - 1) Hoisting of New Look web site of SAFE: SG informed the meeting that during the period under review, a new look web site of the Federation was developed on in-house basis by the SAFE Secretariat, and has been launched on trial basis. He said that the new look of the web site is quite attractive, and efforts will be made to find advertisers for our web site so as to maximize the returns on this investment.
  - 2) Additions in the Membership Roster of SAFE: SG informed the meeting that during the year 2009, only one more exchange namely the **Global Board of Trade, Mauritius** joined as a new Primary Member of our Federation. He said that that FT group of India, which operates 10 exchange ventures, has decided in principle to have all of its exchange ventures to become the Members of SAFE, however for that to happen the issue of the combined fee needed to be scaled down. He said that there are three of FT group exchanges namely MCX, MCX SX and GBoT are already the members of SAFE, and they pay a sum of US\$ 17,500/- as the Membership subscription on yearly basis. He informed the meeting that if FT group takes up the membership for all exchange ventures and FTKMC, then the cost would rise to 37,500/- for the FT group. He said that he had discussed the matter with Mr. Joseph Massey, and he has suggested



that if FT group is only charged US\$ 20,000/- then all remaining FT Exchange ventures would become the members of SAFE. He said that the matter has been presented in the separate agenda paper. He further informed that as per the decision of the last EC meeting, SAFE has also offered Affiliate Memberships to a host of organizations, but so far only one application has been received from one of the technology company which is M/s Infotech Pakistan.

- 3) Holding of first ever SAFE Country Roundtable at Karachi Pakistan: SG informed the Meeting that a detailed report on the same has already been published in the Quarterly Newsletter of SAFE. He further said that the roundtable besides being highly successful from the strategic point of view also proved quite successful from financial viewpoint as it resulted in a net surplus of over US\$ 12,470/- for the SAFE.
- 4) Partnership with AIESEC: SG informed the meeting that recently, SAFE has signed up with AIESEC-the World's largest run student organization, which aims to provide internship opportunities to young students from over 1700 universities so as to enable them to explore and develop their leadership potential for a positive impact in the society. He said that under this agreement, SAFE would provide upto two internship opportunities to two international students for a period of six month each. He said that the first student to join SAFE is a Chinese student undergoing undergraduate work at London School of Economics. He informed the meeting that it is envisaged that this experience of having an international resource at SAFE would ultimately help SAFE in planning similar deployment of professionals from our Member Exchanges to join the SAFE Secretariat for a period of six months deployment on rotation basis.
- 5) Discussions with Friedrich-Naumann-Stiftung (Für die Freiheit-FNF): SG informed the meeting that as reported during the last EC meeting, SAFE Secretariat had been in regular touch with FNF, and now is in the final stages regarding the discussions for the launch of a Mass Financial Literacy Campaign with the help of FNF. He said that under this project, SAFE Secretariat shall launch a comprehensive scheme to promote basic understanding about the financial markets/products and the financial literacy.
- 6) Finalization/Upgradation of SAFE Charter: SG informed the meeting after the approval of the changes by the General body of SAFE, the SAFE EC also accorded its approval to the legally vetted version of the SAFE Charter. He said that the same has now been uploaded on the SAFE's web site.



- 7) Follow up for the payment of outstanding dues from certain SAFE Members: SG informed the meeting that as directed by the EC, SAFE had continued to correspond with those exchanges that had not cleared their annual membership dues towards SAFE. However, he said that despite best efforts a sum of US\$ 23,522/- still remained outstanding as of date on account of subscription dues for the year 2009. The EC decided that Mr. Massey would call up the Indian exchanges for honoring their obligations.

**Agenda Item No. 3: Annual Accounts of SAFE for the Year Ending Dec 31, 2009**

1. SG informed the meeting that the audited accounts of the Federation for the year ending December 31<sup>st</sup>, 2009 together with the Auditors report and points of specific attention had been circulated with the agenda item as **Exhibit B**.
2. SG presented the salient points of the Income & Expense accounts are as under:
  - a. During the year under review, the Federation earned a record income of US\$ 119,350/-, which is the highest income ever recorded by the Federation. It may be mentioned that since after the establishment of the permanent Secretariat of the Federation at Islamabad, SAFE has continued to reach new milestones on year on year basis as may be seen from the historic data appended below.
  - b. The income of the Federation mainly comprised of the Annual Membership Subscription source (83 %), however the Federation also recorded other income on account of interest and surplus from the SAFE conference/roundtable (17 %)
  - c. The Federation earned a record surplus of US\$ 33,409/- during the outgoing year which is the highest ever surplus recorded by the Federation except during the first year of its inception.
  - d. The Federation recorded an expenditure of US\$ 85,941/- which was about 15 % less than the expenditure recorded during the corresponding period of 2008.

**Comparison of Actual Vs Actual**

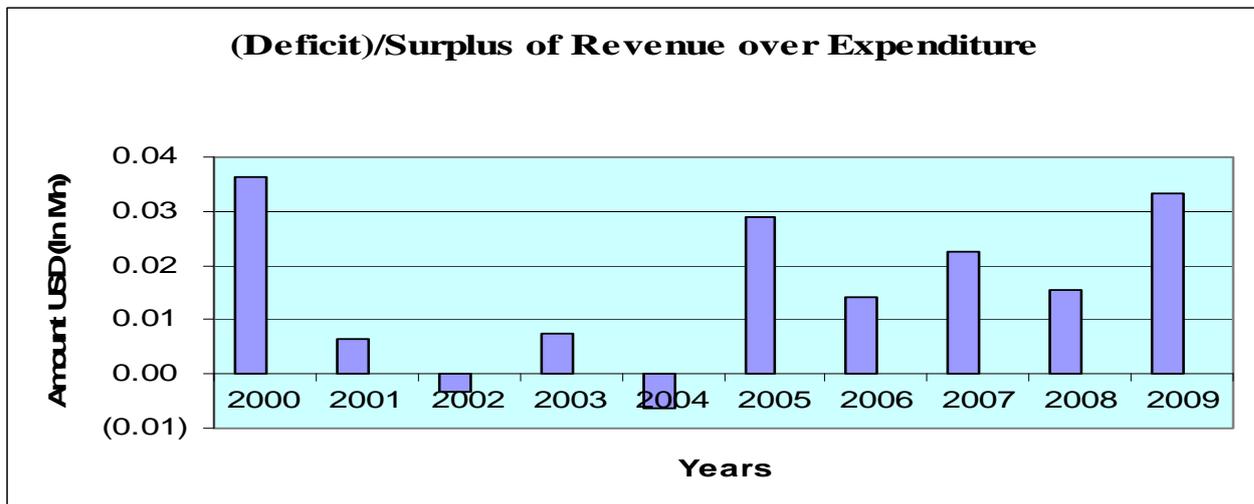
PARTICULARS	Amount in USD			%
	December 2009	December 2008	Inc/(Dec) from last year	Inc./ (Dec.)
Total Revenue	119,350	114,072	5,278	4.63
Total Expenses	85,941	98,661	(12,720)	(14.8)
Surplus	33,409	15,411	17,998	53.87
Cash & Bank Balances	67,984	43,391	24,593	56.6



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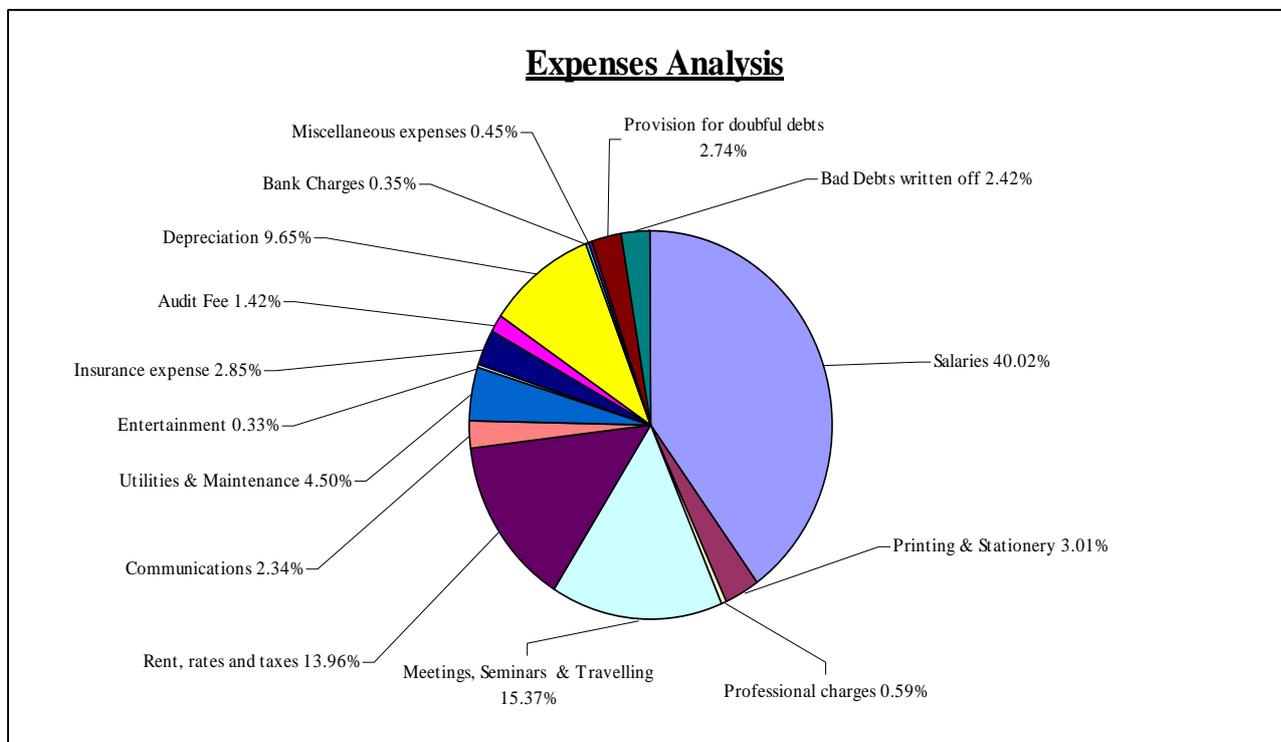
- e. The carried forward accumulated surplus of the Federation reached the record figure of US\$ 122,148/- as opposed to US\$96,774/- recorded during the prior period.

DETAILS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	Amount US \$									
<b>INCOME</b>	42,000	40,363	33,986	38,232	35,683	89,006	74,089	88,474	114,072	<b>119,350</b>
<b>EXPENDITURE</b>	5,713	33,922	37,164	30,820	42,100	59,965	59,649	61,365	98,661	<b>85,941</b>
<b>Surplus/(Deficit) for the YEAR</b>	36,287	6,441	(3,178)	7,412	(6,417)	29,041	14,440	27,109	15,411	<b>33,409</b>
<b>Accumulated surplus brought forward</b>	---	36,287	42,728	39,550	46,962	40,545	68,331	82,516	109,880	<b>96,774</b>
<b>Foreign Currency translation reserve</b>	---	---	---	---	---	(1,255)	(255)	255	(28,517)	<b>(8,035)</b>
<b>Accumulated surplus carried forward</b>	36,287	42,728	39,550	46,962	40,545	68,331	82,516	109,880	96,774	<b>122,148</b>





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- f. Major reason for the reduction in the expenditure account had been the substantial decrease in the head of Meetings, Seminars & Traveling, which recorded a decrease of US\$ 24,296/- as compared to the last year figure of US\$ 37,501/-. This reduction was made possible due to the reason that the SG SAFE managed sponsorships for the travel of SAFE EC Members during the time of the AGM held at Abu Dhabi last year. Similarly, the hospitality arrangements for the said AGM were taken through the courtesy of ADX due to which, the Federation was saved from the burden of hosting the said meeting.
- g. Some notable expenses which showed marginal increase over the last year expenses were on account of the salaries & benefits (34,396/-), Rent, rates & Taxes (12,000/-), and provisions for receivables written off/doubtful debts of US \$ 4,437/-. It may be mentioned that during the period under review, the SG was authorized an honorarium of US\$ 2,500/- per month for two months for his regular work at SAFE. It may be mentioned that the incumbent SG has been serving on an independent and honorary basis for the Federation since his appointment; however, he had been nominated to be the Secretary General of SAFE on regular basis by the EC during 2008. This was done in view of his personal services and dedication for the cause of SAFE so as to have a continuity at the Secretariat level for the accomplishment of future agenda of SAFE.



- h. On the balance sheet side, the total assets of the Federation recorded a figure of US\$ 165,033/-, which includes a sum of US\$ 67,984 as cash and US\$ 23,522/- as receivables.
- i. The amount of receivables represents the amount owed by the Exchanges towards the annual membership subscription of the Federation.
3. SG stated that overall, the financial performance of the Federation during the outgoing year had been quite good considering that the financial services industry of the region remained under stress. He said that furthermore, the last year's performance shows that SAFE is on its path towards complete financial and administrative independence as the Secretariat functions had become fully independent in line with its policy decision. He said that similarly, the IT infrastructure of SAFE had also been updated and SAFE had acquired new web hoisting server, mail server, and blackberry server through donations in kind from its patrons mainly M/s Infotech and Mobilink etc.
4. SG informed the meeting that the audited accounts of the Federation for the year ended 31 December 2009 and the letter from the auditors M/s KPMG Taseer Hadi & Co dated 24 March 2010 was placed before the EC. He said that the auditors had also invited the attention of the EC to the following specific approvals and matters for specific attention:
- 1) Specific Approvals:
- |                                                   |               |
|---------------------------------------------------|---------------|
| i. Additions to fixed assets                      | Rs.139,182/-  |
| ii. Annual Membership fee                         | Rs7,926,991/- |
| iii. Provision for doubtful debts                 | Rs. 192,727/- |
| iv. Related party transactions (note 15)          |               |
| v. Changes in the accounting policies (note 4.14) |               |
- 2) Matters for Specific Attention:
- i. SAFE is maintaining foreign currency current account in which subscription money is received. Pursuant to the requirement of Foreign Exchange Regulations of the State Bank of Pakistan (SBP), SAFE may be required to obtain permission from SBP for maintaining the foreign currency current account.
- ii. We observed that tax deducted from payments was not being deposited in the Government treasury within the stipulated time as required by the Income Tax Ordinance, 2001.
5. As regards the above specific approvals, SG recommended to the EC that the necessary approvals may be granted by the EC. Furthermore, with respect to the matters of specific attention, the SG's viewpoint was that the foreign



currency account of the Federation had been opened with due compliance with the banking regulations. As regards the delay in the submission of the tax, the SG informed the EC that the delay occurred due to the reason that the person responsible for accounts was performing multiple tasks, however now a dedicated qualified resource has been assigned the responsibility within the Secretariat and the earlier dual handling of accounts has been done away with.

6. The EC discussed the financial statements. The Chairman appreciated the efforts of the SG and termed his involvement with SAFE as of remarkable value. Mr. Massey also appreciated the growing financial strength of SAFE and appreciated the services of the Secretary General. He said that the perusal of the accounts showed that SG is not paid any honorarium on regular basis, whereas for his regular work at SAFE he should be paid something. However the SG stated that the financial situation of SAFE was not bright enough because of which he did not believe that the SG should be paid some regular honorarium. To this, Mr. Joseph Massey stated that part of the reason that trade bodies don't get to achieve anything is that they think that some people could work on honorary and voluntary basis for them. However he said that such a practice should not be followed at SAFE. He said that while we understand that the SG may be working on different other assignments in his personal and professional capacity, but as part of his services for SAFE, he should be paid some honorarium. The Chairman SAFE also endorsed the similar views. He said that the SG was instrumental in bringing SAFE to its present level of recognition, and it was because of that the EC in 2008 had decided to ask him to become the regular SG of the Federation in his personal capacity. He said that since the office of the SG is an independently appointed position, so the office must carry some remuneration as well. At this, the EC asked the SG about what figure he had in mind. To this the SG stated that he still believed that SAFE could not afford large scale payment for the SG's post. However, upon the insistence of the EC, the SG accepted a token payment of US\$ 1,000/- per month as honorarium for his services towards SAFE. Mr. Adnan Afridi, asked the SG to leave the proceedings of the meeting for some time, which he did.
7. After some time, the SG was requested to join the meeting. The Chairman informed the meeting that the EC had discussed the matter of a recent email sent to some SAFE members by an unrelated entity of SAFE-a member of ISE. He said that the EC had viewed such an email as extremely unfortunate and had instead reposed full confidence in the services of the SG towards SAFE, and his utmost professionalism and integrity. He said that in line with the decision of the EC, which is the competent forum for the appointment of the SG, the EC had unanimously decided to continue with the regular appointment of the incumbent SG. He said that the EC has reemphasized that the position of the SG is independent of any other Member entity of the SAFE, and in line with the trend of the other exchange bodies like WFE, FESE, FEAS, AFM and FIAB etc., the SAFE EC had also decided that the incumbent SG SAFE would work on regular basis for the Federation.



8. As regards the accounts, the EC passed the following resolutions:

***“Resolved that draft audited accounts for the year ended 2009 together with the Auditor’s Report and the specific approvals 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 ended December 31, 2009, 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.”***

***“Resolved further that the approved accounts may be placed on the web site of SAFE for the information of all Members”***

***“Resolved further that the SAFE SG and the Secretariat team be and is hereby applauded for their excellent services and for one of the best financial performances of the Federation during the outgoing year.”***

<b>Agenda Item No. 4: Membership affairs of SAFE.</b>
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1. SG informed the meeting that the matter of admission or expulsion of the Members from SAFE is governed under Article 4 of the SAFE’s Charter, which is reproduced hereunder:
  - a. Any active exchange as prescribed in Article 2.1.1 and other entities as described in Article 2.1.2, operating for at least one year, may apply for membership under the respective category. Such application shall be in writing on the standard format and shall be submitted to the SAFE Secretariat.
  - b. An applicant shall be admitted to SAFE membership only upon approval of its application by the Executive Committee.
  - c. The Executive Committee may relax the conditions for admission of an applicant seeking membership of SAFE, if deemed appropriate.
  - d. For the purpose of allocation of the SAFE membership, the applicant entity may be required to attend a designated Executive Committee meeting and make a presentation thereat, for enabling the Executive Committee to consider the application on merit.



- e. All decisions of the Executive Committee in respect of the admission, acceptance of withdrawal or expulsion of a Member shall be taken by a resolution passed by not less than two-third (2/3) of its present Members, and shall be subject to confirmation by the General Assembly in its next following meeting.
2. The EC was informed about the matters related to the SAFE membership application. The EC passed the following resolutions:

**“Resolved that a fee of US\$ 20,000/- payable through a single source, be and is hereby approved for all FT group’s exchange ventures (with the application of 43% discount) subject to the condition that all remaining exchange ventures of FT and FTKMC would become the Members of SAFE through a single application, and would comply with SAFE’s Membership criteria;”**

**“Resolved further that M/s Infotech Pakistan, be and is approved as an Affiliate Member of the Federation;”**

**“Resolved further that the application of Mercantile Exchange Nepal Limited, is to be pended till the same entity becomes a regular entity under the securities laws of that country”**

**“Resolved further that the above Membership cases be and are hereby referred to the general assembly for confirmation under Articles 4.1.5 and 12.8 of the Charter of the Federation.”**

<b>Agenda Item No. 5: Chairman’s Review and EC Report to the General Assembly on the financial performance and other activities of SAFE</b>
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1. Chairman informed the meeting that as per SAFE’s Charter (Article 9.4.3), the activities of the Executive Committee are to be reported to the General Assembly by the Chairman of the Executive Committee or by the Secretariat at any regular or special meeting of the General Body. He said that accordingly, the Chairman’s Review and EC Report to the General Assembly on the Financial Statements and other activities of SAFE for the year 2009 has been circulated to all EC members. He also read out the same before the EC members.
2. The EC appreciated the activities of the Federation and passed the following resolutions:

**“Resolved that the Chairman’s Review and EC Report to the General Assembly on the financial performance and other activities of SAFE; be and is hereby recommended for adoption by the General Assembly;”**



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***“Resolved further that the EC hereby records its appreciation for the Chairman, the SG and the SAFE Secretariat team for the historical performance of SAFE during the outgoing year;”***

***“Further resolved that the future agenda of SAFE as stipulated by the Chairman in his report; be and is hereby recommended to be adopted by the General Assembly.”***

**Agenda Item No. 6:** Any other Matter with the Permission of the Chair.

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

Adnan Afridi  
Chairman SAFE