

Committee for Economic and Commercial Cooperation (COMCEC) – Capital Markets Regulators Forum (CMRF)

Market Development Task Force

Transparency Requirements – Public Disclosure Systems



COMCEC

Standing Committee
For Economic and Commercial Cooperation
of the Organization of Islamic Cooperation

CAPITAL MARKET
REGULATORS FORUM
COMCEC



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SECURITIES & EXCHANGE
COMMISSION OF PAKISTAN

Market Development Task Force

The ***Market Development Task Force*** aims to support effective operations of the financial markets within the COMCEC CMR Forum members jurisdictions.

The Task Force worked in leadership of the ***Chair, Securities and Exchange Commission of Pakistan*** in co-operation with ***Vice-Chair, Securities & Exchanges Organisation of Iran*** and the ***CMR Forum Secretariat, Capital Markets Board of Turkey***.



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Mandate: Transparency Requirements – Public Disclosure Systems

- ▶ Development of Terms of Reference (**Completed**)
- ▶ Preparation of outline/ final Survey Questionnaire (**Completed**)
- ▶ Responses Received from 7 jurisdictions
- ▶ Analysis of responses (**In process**)
- ▶ Development of an outline for the final report (**December 2014**)
- ▶ Creating a draft report Identifying best practices and Key recommendations for COMCEC member states comments and feedback (**March 2015**)
- ▶ Finalize the report based on feedback and comments (**April 2015**)



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Objectives of the Mandate

The focus of the mandate is on:

- ▶ The use of technology to enhance transparency /public disclosure and confidentiality requirements as well as accuracy of the information disseminated
- ▶ International and national disclosure and transparency standards
- ▶ Benefits of a central public disclosure system
- ▶ Establishing standards-based systems and methodologies.



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Scope of the Questionnaire

The questionnaire primarily focuses on the following areas of appropriate requirements for Transparency and Disclosure:

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- ▶ Disclosure systems in place within OIC member jurisdiction
- ▶ Disclosure requirements at the time of Initial Public Offering
- ▶ Disclosure requirements pertaining to Asset Management Companies
- ▶ Material disclosures requirements by companies
- ▶ Disclosure requirements within alternative markets (SME)
- ▶ Financial instruments disclosure requirements (Exchange traded securities)



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Respondents

A total of 7 jurisdictions have so far responded to the Questionnaire.

The Task Force would appreciate receiving responses from all participating members to have a meaningful analysis of the mandate within the OIC countries

No.	Jurisdiction	Institution
1	Bangladesh	Bangladesh Securities and Exchange Commission
2	Iran	Securities and Exchange Organization Iran
3	Kuwait	Capital Markets Authority Kuwait
4	Malaysia	Securities Commission Malaysia
5	Maldives	Capital Market Development Authority Maldives
6	Pakistan	Securities and Exchange Commission Pakistan
7	Turkey	Capital Markets Board of Turkey

Key Findings

- ▶ All responding jurisdictions have mandatory disclosure requirements provided for in the law
- ▶ 6 of the 7 jurisdictions can comply for demands for disclosure from both foreign and domestic authorities
- ▶ None of the jurisdictions use data tagging, such as XBRL, however, companies are encouraged to file interactive data
- ▶ Issuing a prospectus on almost all jurisdictions requires the approval of the regulator and covers all significant issues.
- ▶ All responding jurisdictions have significant disclosure requirements for Asset Management Companies
- ▶ The legal basis of disclosure for all material disclosures is primarily provided for under the statute or rules and regulations
- ▶ Financial reporting in almost all jurisdictions is done on a quarterly basis, whereas non-financial information is disclosed both annually and on the occurrence of an event
- ▶ Administrative fines are primarily placed on companies that fail to comply with timely disclosure of material information
- ▶ An alternate market / SME market exists in 5 of the 7 jurisdictions and disclosure requirements are significantly different from the main market
- ▶ Apart from one jurisdiction where exchange traded securities do not exist, the remaining jurisdictions have appropriate disclosure requirements for financial instruments being traded on the exchange.



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Key Findings

Disclosure mandatory for Corporate Governance Reporting

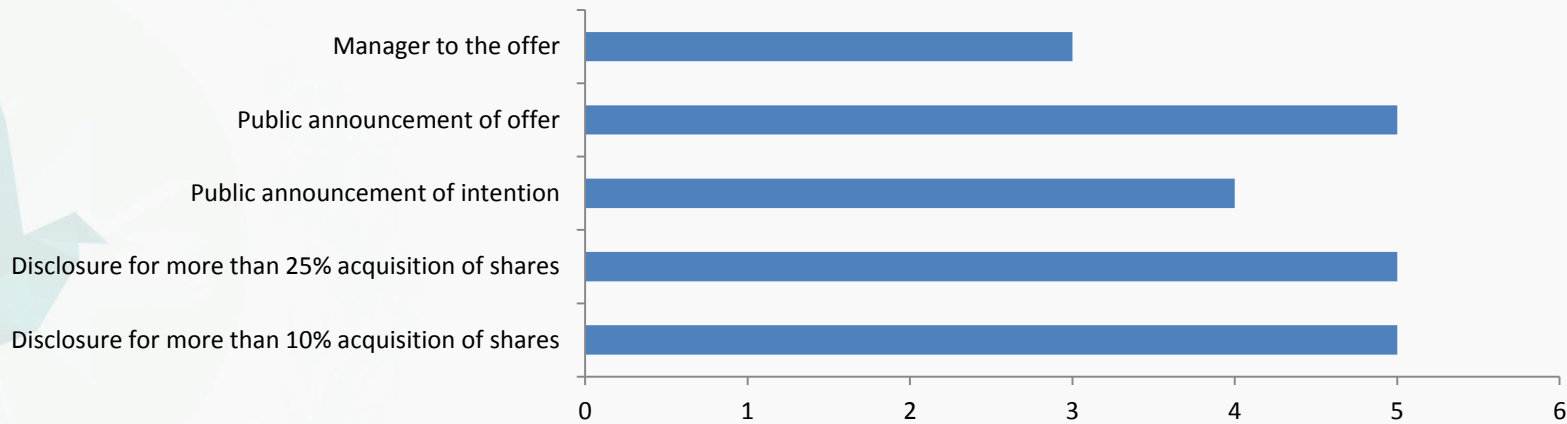
	Bangladesh	Iran	Kuwait	Malaysia	Maldives	Pakistan	Turkey
Independent directors	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Executive and non-executive directors	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of directorship	Yes	Yes	Yes	Yes	Yes	Yes	No
Training of board of directors	No	No	Yes	Yes	Yes	Yes	No
Remuneration of directors	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Board Committees	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Meetings of board	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Disclosures regarding chief executive, CFO and company secretary	Yes	Yes	Yes	No	Yes	No	Yes

Timely Disclosure Requirements for the following

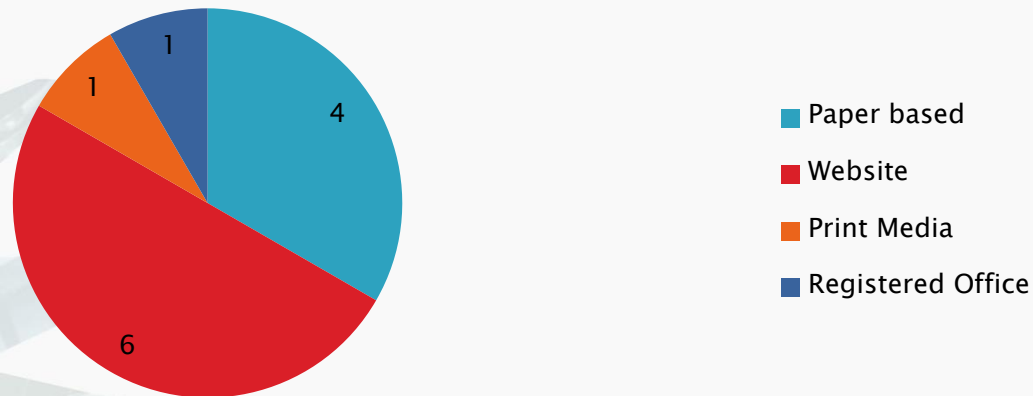
	Bangladesh	Iran	Kuwait	Malaysia	Maldives	Pakistan	Turkey
Events material to the price and value of securities	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Significant risks of investing in securities	Yes	Yes	Yes	Yes	Yes	Yes	Yes
financial results	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Price sensitive information	Yes	No	Yes	Yes	Yes	Yes	Yes
Related party transactions	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Difference between Shariah based products and conventional form	No		No	No	No	Yes	No
Risks in respect of Islamic products	No		No	No	Yes	Yes	No
Executive compensation	Yes	No	No	Yes	Yes	Yes	Yes
Key executive profile	Yes	No	Yes	Yes	Yes	Yes	Yes
Acquisition and divestiture	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shareholder voting decisions	Yes	No	Yes	Yes	No	Yes	Yes
Corporate announcements	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Information about significant shareholders	Yes	Yes	Yes	Yes	No	Yes	Yes
Profile of board members	Yes	No	Yes	Yes	Yes	Yes	Yes
Directors report	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Corporate governance reporting	Yes	Yes	No	Yes	Yes	Yes	Yes

Key Findings (Contd.)

Disclosure Requirements for acquisition of listed companies

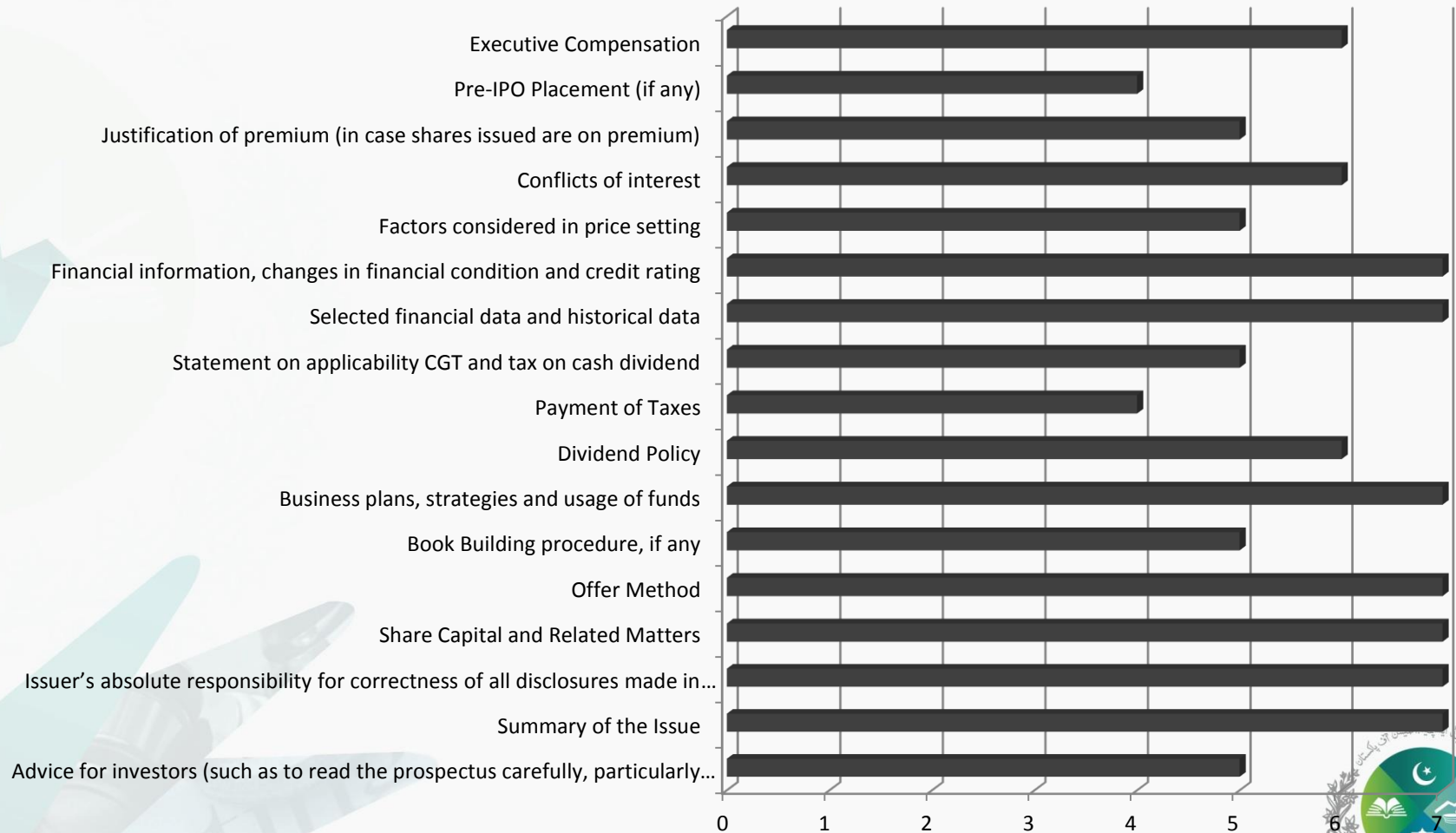


Forms of Disseminating Disclosure Information



Key Findings

Information within the prospectus



Thank You!!!



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