

## **Terms of Reference SAFE listing regulations and regulatory regional harmonisation**

### **Project goal and purpose**

The project goal is developing more effective and consistent regulations in the SAFE member countries.

The purpose of the project is strengthening and making more consistent listing regulations in SAFE member stock exchanges.

### **1. Key project outputs**

The key outputs of this project will be:

- Report on the current listing regimes in the SAFE member exchanges produced.
- Strengths and weaknesses in national listing regimes diagnosed and assimilated.
- An action plan for addressing weaknesses of each national regulatory regime prepared and agreed.
- List of areas and topics requiring further exploration (eg impact of local laws, tax regimes, etc).
- An action plan to harmonise the listing regulations in the region, prepared and discussed.

### **Project risks**

Implementation risks include:

- The outcome of the study may not be adopted by the individual stock exchanges and/or regulators. SAFE has held various conferences in Bangladesh, Pakistan, India, Bhutan and Sri Lanka, which have included chief regulators from member countries. All participants explicitly support the SAFE venture. Whilst confidence exists that this risk is low, further mitigation will be achieved by involving regulators in the final workshop where study results will be presented.
- Political risks – such as the exacerbation of political difficulties between India and Pakistan.
- Idiosyncrasies may exist within member countries which require major changes to allow the harmonisation of listing regulations - for example, major changes in legislation or in the capacity of domestic supervisory agencies. We believe that this risk is low.

### **2. Terms of Reference**

A small task force, with the international consultant supervising SAFE representatives will cover 4-7 stock exchanges each.

The international consultant, who will be a capital markets specialist (approximately 45 person-days), will concentrate on:

- Attending SAFE's Executive Committee meeting to receive comments on and agree TORs for the project.
- Developing questionnaires and terms of reference for SAFE Team Members and providing them with initial briefing. The questionnaires will focus on matters such as:
  - Listing procedures
  - Compliance with International Accounting Standards, GAAP and G30 recommendations
  - Improved transparency

- Disclosure policy re price sensitive information
- Dividend distribution
- Analysis of information on penalties on companies or the managers, etc
- Corporate governance
- Prospectus requirements
- Capacity building needs within regulators
- Analysing the information collated and determining follow-up questions.
- Commenting on the current plans for developing regional co-operation in harmonising the regulation
- Developing action plan for SAFE member exchanges
- Drafting report in conjunction with SAFE team members
- Participating in final SAFE workshop

The main responsibility of the SAFE Team Members (between 2 and 3) will be to assist the international consultant in:

- Information gathering from member stock exchanges.
- Analysing the information and assisting the International Consultant in drafting the main report.
- Everyday logistics.

In addition, SAFE will take primary responsibility for organising the final workshop.

The kick-off meeting for the project will coincide with SAFE's 18-19 April meeting in Lahore. Discussions will be held to review the TORs for this project, the proposed outputs and the support needed from the stock exchanges.

Phase I will include the design of questionnaire and collating information from each member country.

During Phase II, when information is being gathered from the individual stock exchanges by the SAFE Team Members, the international consultant will provide such support as necessary.

Phase III will involve the collation of information and the preparation of the draft report.

Phase IV would involve the workshop to discuss the report and the preparation of the final report.