

SECP, KCDR sign agreement

our correspondent

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ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) and the Karachi Centre for Dispute Resolution (KCDR) on Thursday signed a memorandum of understanding to provide an alternate dispute resolution mechanism to regulate enterprises, according to a statement.

Muhammad Ali, chairman SECP, and Saiduzzaman Siddiqui, former chief justice and president of KCDR, signed the memorandum. Under this MoU, the SECP will encourage its regulatees and the investing public to incorporate a mediation clause in their inter-party agreements, it said.

The commission will also initiate appropriate legal amendments to its administered laws to make mediation a mandatory prerequisite for formal dispute resolution before courts.

Ali termed it a 'paradigm shift' and said that the MoU would have a positive impact on investors' confidence as disputes will be resolved in a timely manner.

It will also reduce the direct and indirect cost of dispute resolution.

The MoU will allow the SECP to better handle investors' complaints and also reduce the number of pending litigations in courts and the SECP appellate tribunal, he added.

Siddiqui said that the consequences of the MoU with the KCDR are in line with the SECP's statutory functions, which include promoting investors' education and investors' confidence, and encouraging the organised development of the sectors falling within the regulatory ambit of the SECP.

Irfan Qadir, Attorney General of Pakistan, said that three years ago there were around 1.7 million pending cases in the courts and, at present, the number of pending cases has been increased to 3.2 million. Qadir said that the Alternate Dispute Resolution mechanism would provide relief to the over-burdened courts.

Dr Zafar Sherwani, director of KCDR, gave detailed presentation on the MoU.

He said that the accord will formalise the future corporation between the two organisations to raise awareness about and encouraging mediation as a primary dispute resolution mechanism for people involved in or connected to the regulated sectors of the SECP, including all stakeholders in the corporate sector, the capital market, non-banking financial sector and the insurance sectors.

The SECP will refer inter-party disputes among the relevant people to an accredited mediator for amicable settlement through mediation and the KCDR will train the relevant SECP officers in effectively discharging this function.

The two organisations will establish and maintain effective consultation, cooperation and regular exchange of information on mediation.

Both the organisations will jointly hold awareness events in the form of seminars, workshops and conferences for the stakeholders.

Mediation is an Alternate Dispute Resolution mechanism aims at resolving disputes informally, with the help of a neutral third party, and to reach long-term settlements between disputants.

The mediation process has proven to be quick, effective, confidential and inexpensive. The focus of the mediation is the provision of lasting solutions and strengthening of relationships between parties, which help them address the existing conflict and avoid the possibility of a future conflict, as well.

This option is available not only to parties whose cases are pending before a court / judicial forum but also to disputants who have as yet not taken any recourse to formal judicial or quasi-judicial proceedings.

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