

First Foreign CEO of Pakistan Bourse Targets Investor Safety

By Faseeh Mangi and Chris Kay



Beefing up investor protection, starting exchange-traded funds and building a new trading platform are top of the to-do list for the new Canadian head of the Pakistan Stock Exchange.

Richard Morin, the first foreign chief executive officer in the almost seven-decade history of the bourse, was appointed last month after a group of Chinese stock exchanges bought a 40 percent stake in late 2016. The 58-year-old had stints running equity markets in Mauritius and West Africa in the 1980s and 1990s and is co-founder of Montreal-based fund manager Landry Morin Inc.

As well as being burnt by a 28 percent plunge in the benchmark KSE100 Index from May to mid-December, investors in Pakistan stocks also had to cope with nine brokers going out of business last

year. Morin said he wants to improve safeguards to boost the number of retail investors, who currently number less than 0.2 percent of the nation's 200-million plus population.

"The perception of safety of capital at the Pakistan Stock Exchange is not where it should be," he said in an interview in his office overlooking downtown Karachi. "We have the tools at our disposal to improve retail investor protection and we will move in that direction."

To this end, Morin said he plans to replace a 25 million rupee (\$226,000) cap on the amount that can be paid from the exchange's Investor Protection Fund for each broker default with a per-investor limit. He said he also wants to ensure brokerages are regulated correctly and that a lot of education has to be done with Pakistani investors.

Just a month into the job, the trained economist already signed a one-year licensing agreement last week to start a Pakistan ETF in mainland China. He said he's aiming to debut a domestic ETF later this year. Stock options and financial futures will be introduced after the new trading platform, which should be launched later in 2018, Morin said.

He said he didn't want to get into the day-to-day running of the exchange and would hire an executive within the next couple of months to take on those administrative responsibilities. Pakistan Stock Exchange's share price rose 0.4 percent as of 10:02 a.m. in Karachi on Wednesday as the benchmark gauge declined 0.2 percent.

Morin arrives in Pakistan after a tumultuous year for investors. Despite being restored to emerging-market status by index provider MSCI Inc., the benchmark gauge plummeted as Nawaz Sharif was forced to step down as prime minister following a corruption probe into his family, and the country's current-account deficit ballooned. The index has rallied around 15 percent since mid-December, while general elections are due in July.

Morin said last year's market plunge was a "temporary setback," and that he wants to make it as easy as possible for foreigners, who pulled a net \$494 million from local stocks in 2017, to invest in local companies.

His appointment is a rarity in Pakistan, where there are few foreign executives. While safety in Karachi has improved in recent years, insecurity still persists, with a Chinese executive of a shipping company gunned down in an upmarket area of the city this month. Despite this, Morin said he hasn't doubted his decision.

"Unlocking the potential of this market is a great opportunity for me," said Morin, who got the job after responding to an advertisement in The Economist magazine. "I couldn't pass it up."