CHAPTER 6

Capital Markets and Corporate Sector

Economic growth in a modern economy hinges on efficient capital markets which pool domestic savings and mobilize foreign capital for productive investments. A sophisticated capital market supports government and corporate initiatives, finances new ideas and facilitates the management of financial risk, thereby ensuring that the funds are used for the pursuit of socioeconomic growth and development.

In particular, there are two categories of financial instruments in which markets are involved: equity securities (also known as stocks) and debt securities (also known as bonds). Both of these instruments are issued for medium-term and long-term durations, usually having terms of one year or more. These financial assets induce savers to lend to the government and businesses, leading to an expansion of trade and industry in both public and private sectors.

Two types of markets exist for these instruments, the primary and the secondary markets. In primary markets, stocks and bonds are issued directly from companies to investors, businesses and other institutions. In the secondary markets, existing securities are sold and bought among investors or traders.

Over the past few decades, globally there has been an upsurge in capital market activity, mainly contributed by the emerging markets. This suggests the growing recognition of the capital market as a tool for fast-tracking economic progress in developing economies.

In Pakistan, the capital markets consist of the Pakistan Stock Exchange (PSX), the National Clearing Company of Pakistan Limited (NCCPL), the Central Depository Company (CDC), and the Pakistan Mercantile Exchange Limited (PMEX). The Securities Exchange Commission of Pakistan (SECP) serves as a regulatory body for smooth functioning of these capital markets.

Pakistan Stock Exchange Performance

Pakistan entered a new era of equity trading after merger of Karachi Stock Exchange (KSE), Islamabad Stock Exchange (ISL) and Lahore Stock Exchange (LSE) into PSX on January 11, 2016, which enhanced the operating efficiency of Pakistan's Capital Market and provided all players with a single, deep liquidity pool and fully integrated national equity trading platform. This merger, alongside other SECP reforms and Morgan Stanley Capital International (MSCI)'s classification of Pakistan as an Emerging Market in June 2016, has increased interest in Pakistan's financial markets in the last couple of years.

The PSX index has increased from 33,229 points as on January 1, 2016, to 38,649 as on March 31, 2019, a rise of 16 percent. Fiscal year 2016-17 witnessed steep rise in the index, peaking at 52,876.46 on May 24, 2017; however, it could not be sustained, and the index recorded an overall oscillating trend during fiscal year 2017-18. The start of new fiscal year 2018-19 witnessed the market again gaining momentum, reaching the highest point of 43,557 on July 30, 2018, after which it started moving down, and reaching period's lowest closing point of 36,663 on October 16, 2018. The behaviour might be linked to new government's policy actions in the form of regulatory

Fig 1: PSX-100 Performance Jan 2016-Mar 2019

measures and exchange rate depreciation to correct the underlying imbalances in the economy, particularly fiscal and current account deficits alongside overheating of the economy.

The index saw rising trend after business-friendly policies were introduced in the mini-budget of January 2019, though Indian incursions in Pakistani territories on February 26, 2019, and subsequent border tensions led to a decrease in confidence in the market, and index closed in at 38,649 points on March 31, 2019, whereas market capitalization was Rs.7,868.6 billion.

The average daily value traded (T+2) in the first nine months of FY 2019 was Rs. 7.2 billion and the average daily turnover was 170 million shares. The average daily trade value in futures was Rs. 2.9 billion and the trading volume was 71 million shares during the period.

The total funds mobilized between July 2018 and March 2019 in the national stock exchange amounted to Rs. 22,350 million, as compared to Rs. 14,222 million in the corresponding period last year. This comprised of capital of new listings totaling Rs. 1,467 million, debt amount listed totaling Rs. 14,000 million and right issues equating Rs. 6,884 million.

The monthly trends of the leading stock market indicators are given in Table 6.1 and Figures 2 and 3:

Table 6.1: Leading Stock Market Indicators on PSX (KSE-100 Index: November (1991=1000)

Months	2017 - 2018			2018 - 2019		
	PSX-100 Index (End Month)	Market Capitalization (Rs. Billion)	Turnover of shares (Billions)	PSX-100 Index (End Month)	Market Capitalization (Rs. Billion)	Turnover of shares (Billions)
Jul	46,010.45	9,460.71	3.68	42,712.43	8,869.17	3.75
Aug	41,206.99	8,558.63	4.44	41,742.24	8,800.62	3.60
Sep	42,409.27	8,890.37	2.91	40,998.59	8,554.98	2.49
Oct	39,617.19	8,385.30	3.26	41,649.36	8,567.18	5.03
Nov	40,010.36	8,496.88	2.47	40,496.03	8,299.56	4.16
Dec	40,471.48	8,690.95	2.93	37,066.67	7,899.56	2.71
Jan	44,049.05	9,261.46	5.50	40,799.52	8,357.10	3.15
Feb	43,239.44	9,154.87	3.87	39,054.60	8,034.66	2.88
Mar	45,560.30	9,489.73	4.04	38,649.34	7,911.84	2.17
Apr	45,488.86	9,515.55	4.39	-	-	-
May	42,846.64	9,031.66	2.96	-	-	-
Jun	41,910.90	8,779.96	2.95	-	-	-

Source: Pakistan Stock Exchange

Fig 2: PSX-100 Performance July-March FY 2019

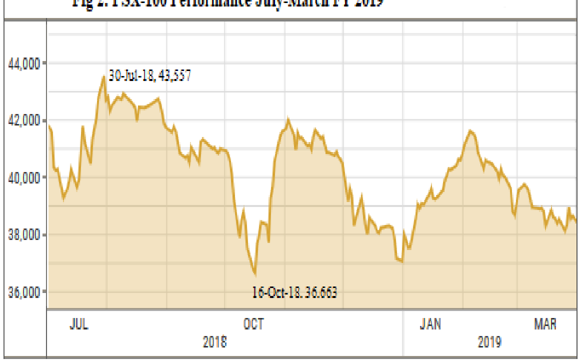
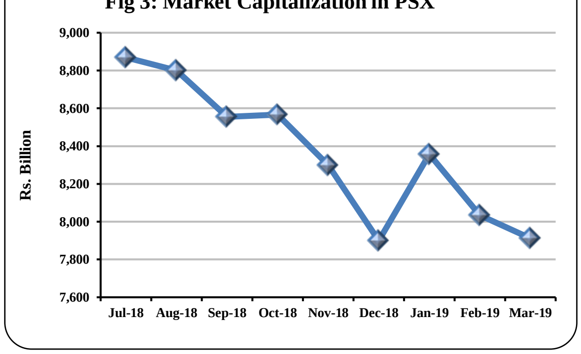


Fig 3: Market Capitalization in PSX



The foreign investors offloaded securities worth US$ 373 million which was absorbed by domestic investors, Banks/DFIs, companies and insurance companies. The strong buying by local investors has shown the confidence of the investors in Pakistan equity market. Going forward it is expected that the market will move in upward trajectory.

Table 6.2: Local Investors' Portfolio Investment (LIPI) during Jul-Mar FY 2019

Local Investors	Gross Buy	Gross Sell	Net Buy / (Sell) Rs.	Net Buy / (Sell) US$
Individuals	1,050,599,989,305	-1,032,925,411,467	17,674,577,838	144,062,227
Companies	78,979,955,533	-69,887,093,299	9,092,862,234	72,967,481
Banks / DFI	48,524,817,514	-45,670,269,956	2,854,547,558	21,748,721
Non-Banking Finance Companies (NBFCs)	4,418,772,177	-4,674,707,595	-255,935,418	-1,857,085
Mutual Funds	125,044,531,509	-132,591,666,117	-7,547,134,608	-59,204,118
Other Organizations	22,503,011,252	-19,198,199,858	3,304,811,394	27,497,522
Broker Proprietary Trading	315,365,859,020	-315,878,465,409	-512,606,389	-5,899,114
Insurance Companies	86,195,100,877	-64,826,995,156	21,368,105,721	173,663,932
LIPI Net	**1,731,632,037,188**	**-1,685,652,808,858**	**45,979,228,330**	**372,979,653**

Source: Pakistan Stock Exchange

Other stock market indicators witnessed mixed trends as well. The turnover of shares on the Pakistan Stock Exchange during July-April 2018-19 was 42.9 billion, compared to 46.5 billion shares in the twelve months of fiscal year 2017-18. Total paid-up capital with the PSX increased from Rs 1,297.4 billion in June 2018 to Rs 1,336.7 billion in April 2019. Two new companies were listed with the PSX during July-April 2018-19, as compared to six companies in the fiscal year 2017-18.

Table 6.3: Profile of Pakistan Stock Exchange

	2014-15	2015-16	2016-17	2017-18	2018-19 (end Apr'19)
Total Listed Companies	560	559	560	558	546
New Listed Companies	9	4	5	6	2
Total Listed Capital (Rs. Million)	1,189,518.9	1,289,081	1,317,220	1,297,375	1,336,726
Total Market Capitalization (Rs. Million)	7,421,031.6	7,588,472.2	9,522,358	8,665,045	7,451,989
Total Shares Volume (Million)	57,204	55,430.3	88,599	46,532	42,877
Average Daily Shares Volume (Millions)	233	221	363	187	114.95

Source: Pakistan Stock Exchange

Performance of Global Stock Market Indices

Pakistan Stock Exchange-100 Index was ranked the best market in Asia and fifth best performing stock market in the world in the year 2016 by Bloomberg and was calculated to have provided total return of 46 percent for the fiscal year 2017. However, due to political uncertainties and macro-economic adjustments in the last two fiscal years, the impressive growth could not be maintained, with PSX-100 showing fluctuating tendencies. It fell by 7.8 percent between July 2018 and March 2019.

Table 6.4: Global Stock Indices during Jul-Mar FY 2019

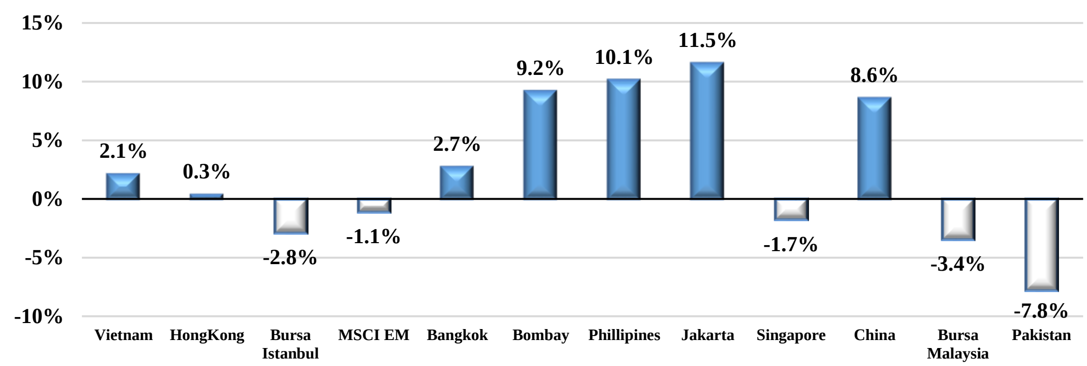
Sr. No.	Country	Stock Name	Percentage Change Jul-Mar FY19
1	Vietnam	Ho Chi Minh Stock index	2.1%
2	Hong Kong	Hang Seng Index	0.3%
3	Bursa Istanbul	Borsa Istanbul 100 index	-2.8%
4	MSCI EM	MSCI Emerging Markets Index	-1.1%
5	Bangkok	Stock Exchange of Thai Index	2.7%
6	Bombay	S&P BSE Sensex Index	9.2%

Table 6.4: Global Stock Indices during Jul-Mar FY 2019

Sr. No.	Country	Stock Name	Percentage Change Jul-Mar FY19
7	Philippines	PSEI Philippines SE IDX	10.1%
8	Jakarta	Jakarta Composite Index	11.5%
9	Singapore	Straits Times Index	-1.7%
10	China	Shenzhen SE composite Index	8.6%
11	Bursa Malaysia	FTSE Bursa Malaysia EMAS index	-3.4%
12	Pakistan	KSE 100 Index	-7.8%

Source: Pakistan Stock Exchange

Fig 4: Performance of Global Stock Market Indices (July – March FY 2019)



Box Item I: Rs. 20 Billion Package for PSX

In order to provide short-term stimulus to the stock market, the Economic Coordination Committee (ECC) of the Cabinet Division authorized the government to issue sovereign guarantee amounting to Rs. 20 billion for investment in National Investment Trust (NIT)-State Enterprise Fund.

The step, alongside stabilizing the stock market of the country, would woo investors to divert more investment in the market and would arrest the bourse's downward trend.

Sector Wise Analysis

The performance of some of the major sectors listed Pakistan Stock Exchange as on March 31, 2019 is mentioned below:

Oil & Gas Exploration Companies

In this sector 4 companies were listed at Pakistan Stock Exchange with accumulated paid-up capital of Rs 66,194.40 million. The market capitalization of this sector was Rs 1,332,032 million. The profit after tax of this sector was Rs 151,182.21 million.

Oil & Gas Marketing Companies

In this sector 8 companies were listed at Pakistan Stock Exchange with the paid-up capital of Rs 14,697.08 million. The market capitalization of this sector was Rs 249,081 million. The profit after tax of this sector was Rs 31,918.26 million.

Refinery Companies

In this sector 4 companies were listed with the paid-up capital of Rs 57,891.44 million. The market capitalization of this sector was Rs 73,665 million. The profit after tax of this sector was Rs 7,873.28 million.

Cement

This sector comprised 21 companies, with total listed capital of Rs 67,629.56 million and the market capitalization of Rs 377,405 million. The sector recorded the profit after tax at Rs 55,185.67 million.

Power Generation and Distribution

This sector comprised 18 companies and the listed capital was Rs. 48,263.99 million with market capitalization of Rs 345,561 million. The profit after tax of the sector was 35,763.97 million.

Chemicals

In this sector 27 companies were listed, having total paid-up capital of Rs 34,250.25 million, while the market capitalization was Rs 301,158 million. The profit after tax was Rs 21,735.58 million.

Automobile Assembler

The sector comprised of 12 companies with the total paid-up capital of Rs 7,693.91 million, while the total market capitalization was Rs 287,031 million. The profit after tax of this sector was Rs 39,672.86 million.

Technology & Communication

The sector comprised of 12 companies which includes the PTCL with capital of Rs 83,036.15 million. The market capitalization of this sector was Rs 83,885 million and the profit after tax was Rs 10,594.60 million.

Commercial Banks

The sector comprised 20 listed banks with the listed capital of Rs 360,430.36 million & market capitalization of Rs 1,388,592 million. The profit after tax of the sector was Rs 148,545.07 million.

Pharmaceuticals

The sector comprised 12 listed pharmaceutical companies with the paid-up capital of Rs 11,646.22 million & market capitalization of Rs 255,252 million. The total profit after tax of this sector was Rs 13,140.56 million.

Textile Spinning

In this Sector 74 companies were listed at Pakistan Stock Exchange, having total paid-up capital of Rs 20,321.88 million while the market capitalization was Rs 46,679.8 million.

Textile Weaving

In this Sector 11 companies were listed at Pakistan Stock Exchange, having total paid-up capital of Rs 2,737,250 million with market capitalization of Rs 2,727.3 million.

Textile Composite

In this Sector 55 companies were listed at Pakistan Stock Exchange, having total paid-up capital of Rs 30,637.04 million and the market capitalization was Rs 230,910.34 million. The profit after tax of this sector was Rs, 20,383.7 million.

Sugar & Allied

The sector comprised 30 companies with the total paid-up capital of Rs 9,738.19 million and market capitalization was Rs 73,873 million. The profit after tax of this sector was Rs. 944.24 million.

Fertilizer

The sector consisted of 7 companies with the total paid-up capital of Rs 71,004.69 million and market capitalization of Rs 575,045.3 million. The profit after tax of this sector was Rs. 65,411.01 million.

Engineering

The sector included 17 companies with the total paid-up capital of Rs 26,045.61 million and market capitalization of Rs 85,387.7 million. The profit after tax of this sector was Rs. 11,245.34 million.

Performance of Selected Blue Chips

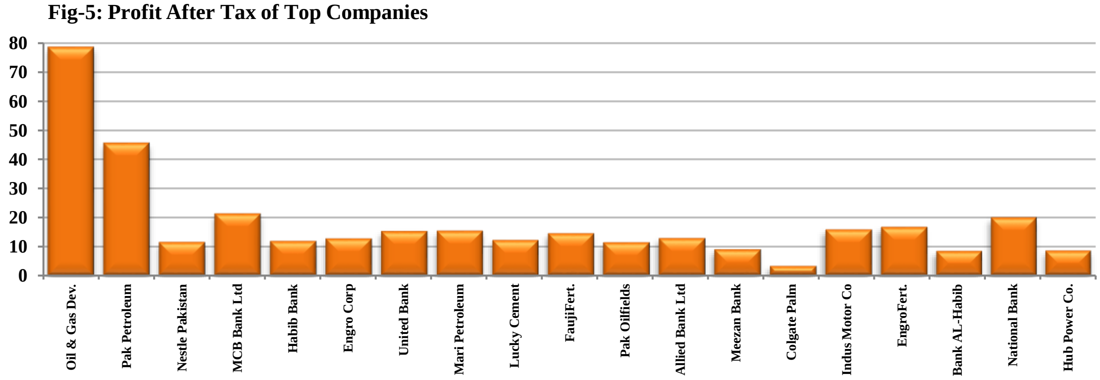
Profit after tax and Earnings Per Share (EPS) with necessary details of some of the selected companies are given in the following table. It may be observed that corporate profitability improved in most of the cases during 2018-19:

Table 6.5: Performance of Selected Blue Chips

Scrip Name	Last Trade Price	Outstanding Shares	Market Capitalization (Rs. Billion)	Profit After Tax (Rs. Billion)	EPS	P/E
Oil & Gas Dev.	147.55	4,300,928,400.00	634.6	78.7	18.31	8.06
Pak Petroleum	184.99	2,267,472,957.00	419.46	45.7	23.17	7.98
Nestle Pakistan	7191.8	45,349,551.00	326.14	11.5	254.57	28.25
MCB Bank Ltd	196.53	1,185,060,606.00	232.9	21.4	18.02	10.91
Habib Bank	132.49	1,466,852,508.00	194.34	11.8	8.04	16.48
Engro Corp	327.23	576,163,200.00	188.54	12.7	24.28	13.48
United Bank	139.53	1,224,179,688.00	170.81	15.2	12.44	11.22
K-Electric Ltd.	5.59	27,615,194,245.00	154.37	Not Reported		
Mari Petroleum	1245.24	121,275,000.00	151.02	15.4	139.45	8.93
Lucky Cement	428.24	323,375,000.00	138.48	12.2	37.72	11.35
Fauji Fert.	104.46	1,272,238,147.00	132.9	14.4	11.35	9.2
Pak Oilfields	447.25	283,855,104.00	126.96	11.4	48.13	9.29
Allied Bank Ltd	108.04	1,145,073,830.00	123.71	12.9	11.25	9.6
Meezan Bank	99.05	1,169,192,354.00	115.81	9	7.67	12.91
Colgate Palm	2000	57,545,920.00	115.09	3.3	67.92	29.45
Indus Motor Co	1304.9	78,600,000.00	102.57	15.8	200.66	6.5
Engro Fert.	71.55	1,335,299,375.00	95.54	16.7	12.48	5.73
Bank AL-Habib	85.66	1,111,425,419.00	95.2	8.4	7.57	11.32
National Bank	40.06	2,127,512,862.00	85.23	20	9.41	4.26
Hub Power Co.	73.33	1,157,154,400.00	84.85	8.6	7.4	9.91

Source: Pakistan Stock Exchange

Fig-5: Profit After Tax of Top Companies



Box Item II: Biggest IPO in PSX history by a private owned company

In March 2019, Interloop Limited successfully raised Rs. 5 billion through a largest private sector Initial Public Offering (IPO) in PSX history by listing 12.5 percent of its shares on the stock exchange, placing itself among the top 50 companies listed on the PSX by market capitalization. Interloop IPO overtook the PSX IPO in 2017, where Rs. 4.5 billion was raised through 160.3 million shares (20% stake of PSX) at a floor price of Rs. 28 per share. The total demand received was Rs. 6.7 billion against total issue size of Rs. 5 billion, showing that the IPO was oversubscribed by Rs. 1.7 billion or 1.34 times.

Interloop is a company that sells hosiery products to some of the world's biggest brands. Its client list includes major global athletic wear brands like Nike, Reebok, Adidas, and Puma, as well as other major international clothing brands like H&M, Uniqlo, Target, and Levi's.

Debt Capital Markets

A well-developed corporate bond market is essential for the growth of economy as it provides an additional avenue to the corporate sector to raise funds for meeting their financial needs. During the period under review, 16 debt securities were issued (14 privately placed and 02 by way of IPO/Listed). The break-up of which is given below:

Table 6.6: Debt Capital Markets

Sr. No.	Type of Security	No. of Issues	Amount (Rs. Billion)
i.	Listed TFC	2*	14.00
ii.	Privately Placed Term Finance Certificates	3**	12.50
iii.	Privately Placed Sukuk	7***	228.61
iv.	Privately Placed Commercial Papers	4****	22.20
	Total	**16**	**277.31**

*by (i) Soneri Bank Limited (Rs.4.00 billion) and (ii) United Bank Limited (Rs.10.00 billion);

**by (i) Askari Bank Limited (Rs. 6.0 billion), (ii) Bank Al Habib Limited (Rs.4.0 billion); and (iii) JS Bank Limited (Rs.2.5 billion);

***by (i)Shakarganj Ltd. (Rs.0.725 billion), (ii) Meezan Bank Ltd. (Rs.7.0 billion), (iii) Agha Steel Industries Ltd. (Rs.5.0 billion), (iv) Dubai Islamic Bank Ltd. (Rs.3.1 billion), (v)Engro Polymer & Chemicals Limited(Rs.8.750 billion), (vi) The Hub Power Company Limited (Rs.4.00 billion) and (vii) Power Holding (Pvt.) Limited (Rs.200.00 billion)

****by (i) K-Electric Ltd. (Rs.7.0 billion), (ii) Hascol Petroleum Limited (Rs.4.00 billion), (iii) K-Electric Ltd. (Rs.10.0 billion) and (iv) Pak Elektron Limited (Rs.1.2 billion)

Source: Securities & Exchange Commission of Pakistan

Corporate Debt Market at a Glance: As of March 31, 2019, 120 corporate debt securities were outstanding with an amount of Rs.888.24 billion as follows:

Table 6.7: Corporate Debt Market

Sr. No.	Name of security	No. of issues	Amount outstanding (Rs. Billion)
i.	Listed Term Finance Certificates (L-TFCs)	16	41.59
ii.	Privately Placed Term Finance Certificates (PP-TFCs) and listed on OTC	47	112.94
iii.	Sukuk	51	710.33
Iv	Privately Placed Commercial Papers	5	23.20
v.	Participation Term Certificates (PTCs)	1	0.18
	Total	**120**	**888.24**

Source: Securities & Exchange Commission of Pakistan

Equity Market: During the nine-month period i.e. July 2018-March 2019, two companies issued shares through public offer (IPO). Details are given as under:

Table 6.8: Equity Market

Sr.	Name of Company	Book Building Date	Retail Portion Subscription Date	No. of Shares Offered (million)			Offer Price /Strike price	No. of Shares Subscribed (million)			Times Subscribed	
				Book Building	General Public	Total	(Rs.)	Book building	General Public	Total	Book building	General Public
1	At-Tahur Limited	June 25-26, 2018	July 02-04, 2018	36.67*	9.167	36.67	21	59.42	16.068	75.5	1.62	1.75
2.	Interloop Limited	March 13-14, 2019	March 21-22, 2019	109*	27.25	109	46.10	141.67	41.04	182.71	1.29	1.50

*Both the issues were made under regulation 7(4) of the Public Offering Regulations, 2017. Under the said regulation bidders are allowed to place bids for one hundred percent of the Issue Size and the strike price is the price at which 100% of the issue is subscribed. However, the successful bidders are allotted only 75% of the issue size and the remaining 25% shares are offered to the retail investors. In case the retail portion of the issue remains unsubscribed, the unsubscribed shares are allotted to the successful bidders on pro-rata basis.

Source: Securities & Exchange Commission of Pakistan

Mutual Funds

As of March 31, 2019, Assets Under Management (AUM) of the mutual funds stood at Rs.635.90 billion. Equity Funds dominated the industry with the largest share i.e. 37.75% of the mutual fund industry. Money Market held the second largest industry share i.e. 36.93%, followed by Income Funds with industry share of 17.50%.

Investment Advisory: At present, 20 Non-Bank Finance Companies (NBFCs) have licenses to conduct the business of investment advisory in addition to business of asset management services while two NBFCs have an exclusive license for conducting investment advisory services. As of March 31, 2019, the total discretionary/non-discretionary portfolio held by all of the NBFCs was Rs. 192.62 billion.

As of March 31, 2019, the major highlights of the Mutual Fund Industry were as under:

Table 6.9: Mutual Funds

Description	Total number of Entities	Total Assets (Rs. Billion)
Asset Management / Investment Advisory Companies	22	37.04
Mutual Funds / Plans	289	635.90
Discretionary / non-discretionary portfolio	-	192.62
Total size of the industry	-	865.57

Source: Securities & Exchange Commission of Pakistan

To facilitate further growth of the mutual fund industry and to safeguard the investor's interest, the SECP has taken the following initiatives:

- Risk Management and Controls Guidelines were issued for Asset Management Companies (AMCs)
- Launch of first infrastructure sector equity mutual fund was approved
- Government Securities based plans were permitted to AMCs to provide opportunities to investors for investment in government securities
- First Venture Capital Fund was registered with the commission under Private Fund Regulations 2015

Voluntary Pension Schemes: The Assets Under Management of the voluntary pension industry stood at Rs.26.59 billion on March 31, 2019. Highlights of the pension fund industry are as under:

Lending NBFCs: Lending NBFCs includes leasing companies, investment finance companies, housing finance companies, discount houses and non-bank microfinance companies. For each form of business, separate licenses are required having different regulatory requirements. However, an NBFC licensed to carry out investment finance services is allowed to undertake leasing, housing finance services, discounting services and micro-financing under the same license without applying for separate licenses.

Table 6.10: Pension Schemes	
Description	**Status as of March 31, 2019**
Total assets of pension industry (Rs. Billion)	26.59
Total number of pension funds	19
Total number of pension fund managers	10
Source: Securities & Exchange Commission of Pakistan	

Leasing Companies: As of March 31, 2019, there were 7 leasing companies with asset base of Rs.10.42 billion. The total size of the leasing sector has largely remained the same as compared to June 30, 2018 when the asset size was Rs.10.36 billion.

Investment Banks: There were 9 investment finance companies on March 31, 2019, with asset base of Rs.61.18 billion, an increase of 4.9% as compared to Rs. 58.31 billion on June 30, 2018.

Non-Bank Microfinance Companies: As of March 31, 2019, there were 25 licensed NBMFCs with asset base of Rs.110.38 billion. An increase of 15.6% has been witnessed since June 30, 2018.

Real Estate Investment Trust (REITs) Scheme: During the first nine months of FY2019, regulatory framework for REITs was revamped by introducing significant amendments in the Real Estate Investment Trusts Regulations 2015. These amendments were finalized after extensive consultation with the industry players and other stakeholders. The objective of the said amendments is to provide more conducive regulatory environment for establishment of formal real estate sector in the country thus promoting documentation of the economy. Further, while introducing the said amendments, emphasis was given to simplified regulatory requirements, unit holder's protection and industry dynamics.

Currently, there is one REIT scheme i.e. Dolmen City REIT, which was launched by Arif Habib Dolmen REIT Management Company Limited (RMC). As of March 31, 2019, the fund size of Dolmen City REIT was Rs.45.96 billion.

Modarabas: The Modarabas are the pioneering Islamic financial institutions in Pakistan. As of March 31, 2019, the registered Modaraba companies were 37 while 29 Modarabas were in existence. During the period from July 1, 2018 to March 31, 2019, one new company was registered as Modaraba Company.

As of March 31, 2019, the aggregated equity of Modarabas was Rs.20.789 billion and total assets of the Modaraba sector were Rs.53.194 billion.

Fifteen Modarabas declared cash dividend for the year ending June 30, 2018. As of June 30, 2018, the total assets of the Modaraba sector were Rs.52.941 billion as compared to total assets as of June 30, 2017 of Rs.44.014 billion. The Modaraba sector showed a 22.86% growth in terms of total assets as compared to June 30, 2017.

Corporate Sector

Measures for e-Governance:

Unified Online Company Registration System: In order to reduce time, cost and number of procedures involved in starting a business, SECP is working towards development of a Unified Online Company Registration System. In the first phase, different processes of company incorporation i.e. name reservation, company incorporation, Payment of fee and notification of appointment of CEO were merged. In the second phase, SECP's e-Services has now been integrated with federal and provincial authorities i.e. Federal Board of Revenue (FBR), Employees Old Age

Benefits Institution (EOBI), Punjab Business Registration Portal (PBRP) and Sindh Business Registration Portal (SBRP). As soon as a company is incorporated, the data of company is transferred to these authorities through online systems. Accordingly, now NTN is being issued to companies online through SECP-FBR integrated system. Besides, companies, while submitting incorporation application through SECP's e-Services, may chose registration with EOBI, Punjab Employee Social Security Institution (PESSI)/Sindh Employees Social Security Institution (SESSI), Labor Department Punjab & Sindh, and Excise and Taxation Department, Punjab & Sindh, and such companies are registered online with these authorities on the basis of information shared through integrated online systems.

E-modules Introduced for electronic filing of returns: E-modules under the Companies (General Provisions and Forms) Regulations, 2018 have been deployed in e-Services of SECP for electronic filing of statutory returns.

Company incorporation trend: During first nine months of FY2019, **10,865** new companies have been registered with the SECP. As compared to the corresponding period of last financial year, it represents a growth of 30%.

Insurance Sector

The insurance sector in Pakistan comprises of 9 life insurers including two family takaful operators, 41 non-life insurers including three general takaful operators, and one state- owned national reinsurer. The largest share in life insurance market is occupied by the State Life Insurance Corporation of Pakistan (SLIC), which is a state-owned entity whereas the major share in non-life insurance market is occupied by a private sector insurance company. In non-life sector the National Insurance Company Limited (NICL) a state owned non-life insurance company enjoys the statutory monopoly of underwriting the risks related to public property under Section 166 of the Insurance Ordinance, 2000. The only reinsurer of the industry, the government-owned Pakistan Reinsurance Company Limited (PRCL) continues to benefit from the first right of refusal to a mandatory minimum 35 percent share in the area of non-life treaty reinsurance. Major achievements in insurance sector from July 2018 to December 2018 are as follows:

- **Draft General Takaful Accounting Regulations, 2018:** The SECP notified the draft General Takaful Accounting Regulations, 2018 for eliciting comments from general public on August 08, 2018. The draft regulations provide the principles based on which accounting and reporting of general takaful business of general takaful operators and window general takaful operators shall be made. The draft regulations aim to bring standardization in the accounting treatments and presentation of financial results by general takaful/window takaful operators and bring in more transparency and enhanced disclosures.
- **Implementation of Motor Third Party Liability Insurance Scheme to Compensate the Victims of Road Accidents:** Motor Third Party Liability insurance offers insurance protection against death and bodily injury to the victims of the road traffic accidents or their legal heirs. The law provides compensatory remedy for all such accident victims as provisions contained in the Motor Vehicles Act, 1939 make it compulsory for all the motor vehicles owners to have the Motor Third Party Liability Insurance cover. The Insurance Division put forward a proposal to amend the Motor Vehicles Act, 1939 for smooth implementation of the Motor Third Party Liability Insurance Scheme to compensate the Road Accident Victims, thereby addressing the following issues:

   i. To introduce "No Fault Option" whereby the claim for death or bodily injury shall be payable to the victims of the road accidents or their legal heirs without obtaining any court's order and irrespective of the fact as to whether or not the insured person was at fault

ii. To increase compensation limit in case of death from Rs.20,000 to Rs.500,000

iii. To introduce compensation limits separately for bodily injuries

- Proposal to exempt life and health insurance from Sales Tax: The SECP has taken up the issue of imposition of sales tax on life and health insurance with the provincial revenue authorities with the aim to create conducive and business friendly environment for the insurance industry in Pakistan. From June 30, 2018 onwards, the Sindh Revenue Board withheld exemption from sales tax on the life and health insurance and Punjab Revenue Authority (PRA) also levied the sales tax on these segments. These measures were perceived as counter-productive and inhibiting by the insurance industry, therefore, the industry association raised the matter with SECP Policy Board, following which, the proposal to exempt life and health insurance from sales tax has been submitted.

- Proposal to revoke levy of stamp duty from insurance: The National Financial Inclusion Strategy, Technical Committee on Insurance (NFIS – TCI) formed in pursuance of National Financial Inclusion Strategy launched by the Government of Pakistan in 2015 has proposed to revoke the levy of stamp duty from insurance with the objective of enhancing financial inclusion and ease of doing business. The requirement to physically affix stamps poses administrative hurdle in case of policies which are sold electronically.

- Draft Directive on Cyber-security Framework for Insurance Sector, 2019: Amid increasing reliance on technology for insurance distribution and integration of technology into the insurance product structure and other aspects, it becomes imperative that adequate measures are taken to make information technology systems of insurance companies and their partners, secure and resilient. Accordingly, the draft SECP Directive on Cyber security Framework for Insurance Sector, 2019, has been issued on January 8, 2019, for seeking public comments, thereon.

Resolution of policyholder complaints: From July 1, 2018 to March 31, 2019, the SECP received 667 complaints out of which, 314 complaints have been resolved/ disposed of, 269 complaints were forwarded to alternative dispute resolution channels, i.e. Federal Insurance Ombudsman (FIO) and Small Dispute Resolution Committees (SDRCs), while 84 complaints were under process as on March 31, 2019. Through the complaints resolution function of the SECP, compensation of Rs.35,78 million were provided to aggrieved policyholders who had filed their complaints with the SECP. A summary of performance of complaints resolution is given below:

Table 6.11: Performance of Complaints Resolution

Total number of complaints received	Resolved/ disposed of	SDRCs	FIO	Under process	Total compensation to complainants
667	314	117	152	84	Rs. 35,786,644

Islamic Finance

The following measures taken during the period under review for the development of Islamic capital markets:

- November 02, 2018 SECP notified Shariah Governance Regulations 2018, which is a comprehensive set of regulations for governance of Shariah compliant companies, Shariah compliant securities and Islamic financial institutions under its jurisdiction. The regulations issued under the enabling provisions of the Companies Act 2017, provide mechanism for the certification of Shariah-compliant companies and Shariah-compliant securities, provide Shariah screening criteria for securities, and cover functions such as internal and external Shariah audit, Shariah advisory and Shariah compliance. It is for the first time ever in the history of Pakistan that the apex regulator introduced a holistic Shariah governance framework for the companies and entities within its regulatory ambit.

- The concept of a Shariah compliant company and Shariah compliant security introduced through provisions incorporated in the Companies Act 2017, Section 451 of the Companies Act, 2017 empowered SECP to implement the scheme of certification of Shariah compliant companies and Shariah compliant securities. The aforesaid regulatory provision enables the Commission to regulate almost every aspect of Shariah compliant products, services and Shariah compliant businesses.
- Being a member of Islamic Financial Services Board (IFSB), the SECP has implemented IFSB standards through its Shariah governance framework.
- The SECP entered into a Strategic Cooperation in the Area of Joint Research and Training in Islamic Banking and Finance with Islamic Research and Training Institute (IRTI), the research and training arm of the Islamic Development Bank (IDB) Jeddah, Saudi Arabia. IRTI undertakes research and provides training and information services in the member countries of the Islamic Development Bank and Muslim communities in non-member countries to help bring economic financial and banking activities in conformity with Islamic law.
- Shariah-compliant mutual funds and pension funds registered phenomenal growth, the share of Shariah-compliant mutual funds represent 39% of the total mutual fund industry while assets of Shariah-compliant pension funds represent 65% of the total assets of pension funds on January 31, 2019.
- To bring harmonization and standardization in the business practices of Islamic Finance institutions, SECP has been gradually adopting Accounting and Shariah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). SECP notified three Shariah Standards of AAOIFI for adoption in Pakistan, i.e. Shariah Standard No. 17 - Investment Sukuk, Shariah Standard No. 18- Possession (Qabd) and Shariah Standard No. 23 - Agency and the Act of an un-commissioned agent (Fodooli).
- The SECP issued draft notification for adoption of seven more Shariah Standards of AAOIFI namely; Shariah Standard No. 21 - Financial papers, Shariah Standard No. 27 – Indices, Shariah Standard No. 30 - Monetization (Tawarruq), Shariah Standard No. 44 - Obtaining and Deploying Liquidity, Shariah Standard No. 45 - Protection of Capital and Investments, Shariah Standard No. 46 - Al-Wakalah Bi Al-Istithmar (Investment Agency) and Shariah Standard No. 53 - Arboun (Earnest Money).
- The SECP held a number of training and awareness sessions as part of its Islamic finance capacity building and awareness creation initiative in collaboration with International Islamic University, Fatima Jinnah Women University and IMSciences–CEIF.
- The SECP formed a strategic Alliance for promotion of Islamic Capital market with the three leading centers for excellence in Islamic Finance: LUMS, IBA, IMS. The alliance aims for the growth and development of Islamic capital market and shaping the future of Islamic financial services by creating awareness among the public, training for stakeholders and capacity building of Islamic financial institutions through joint and collaborative efforts.

Capital Market Reforms and Developmental Activities

In line with its objectives to develop a fair and competitive capital market in Pakistan, the Securities Exchange Commission of Pakistan during the period under review, introduced various structural, legal and fiscal reforms aimed at strengthening risk management, increasing transparency, improving governance of capital market infrastructure institutions and enhancing investor protection, which are mentioned below in brief:

- In order to enhance the investors base, to facilitate debt issues and to provide additional investment avenues to corporates, mutual funds and employees funds, the SECP has notified the following persons as other persons to whom privately placed debt securities being instrument of redeemable capital can be issued:

  i. mutual funds, voluntary pension schemes, and private fund being managed by NBFC

  ii. insurer registered under the Insurance Ordinance, 2000

  iii. a Securities Broker

  iv. a fund and trust as defined in the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018

  v. a company and body corporate as defined in the Companies Act, 2017

- **Amendments in Securities and Future Advisers Regulations, 2017:** The commission has introduced amendments in the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017. The amendments have been notified to make advisory regulatory regime more practicable and conducive. Major concept introduced through said amendments are as follows:

  i. The mandatory advisory licensing requirement for securities brokers have been withdrawn and are allowed to distribute units of Mutual Funds and Voluntary Pension Funds of multiple AMCs

  ii. Considering the dynamics of local capital markets, the SECP has decided to grant license to corporate entities only for undertaking any regulated activity in the capital markets and not to any individual

  iii. In order to help broadening investors' base, banks have been allowed to distribute units of Mutual Funds and Voluntary Pension Funds of multiple AMCs

  The rationalized licensing regime for securities advisors would contribute in reducing regulatory burden and cost of doing business for capital markets, ultimately promoting ease of doing business.

- **Foreign Shareholding of Pakistan Stock Exchange:** To cater to increased interest of foreign investors in the shares of PSX, foreign persons other than foreign anchor investors have been allowed to acquire up to 20% of total issued share capital of PSX, which was previously limited to 10%

- **Contingency Planning for Securities Brokers:** To ensure continuity of operations of securities brokers in event of a disaster or crisis, minimum requirements have been stipulated for effective contingency planning of securities brokers under the Securities Brokers Regulations, 2016

- **Electronic Filing/Submission of Reports and other documents for Listed Companies:** To facilitate listed companies in filing/submission of various financial reports and other documents and to promote paperless environment, electronic mode of report submission has been introduced. As a result, listed companies have been able to forgo unnecessary financial burden for filing/submitting hard copies to the exchange which is also in line with provisions of the Companies Act, 2017

- **Investor Education and Awareness:** SECP's Investor Education department is successfully achieving its milestones by conducting 76 awareness sessions for a diverse audience including professional bodies such as ACCA, TIE Islamabad Start up Cup, NIC Peshawar, LIFT Pakistan, National Counter-Terrorism Authority (NACTA) Pakistan, Women on Board, Rotary Club, CFA

Society, FINTECH and S&P Global. These programs were held in Islamabad, Lahore, Karachi, Faisalabad, Khuzdar, Swabi, Peshawar, Gujranwala, Gilgit, Quetta, Skardu and Multan

- **PMEX Access to NCCPL Portal**: Pakistan Mercantile Exchange has been provided access to National Clearing and Settlement System of NCCPL for ascertaining requisite registration details of the account holders of PMEX
- **Futures Brokers (Licensing and Operations) Regulations, 2018:** The SECP framed new regulations under the Futures Market Act, 2016 for licensing and operations of future brokers dealing in futures contract based on commodity and financial instrument. The regulations include requirements relating to licensing; fit and proper criteria for sponsors, directors and senior management of Futures Brokers, compliance with Anti-Money Laundering (AML) requirements and ongoing mechanisms which include arrangements for protection of investor interests and asset segregation
- **Liquidity in Futures Market:** In order to uplift liquidity in the commodity futures market, futures contracts in agriculture, equity and metals categories have been introduced including Dow Jones 30 Futures Contract, Nasdaq 100 Futures Contract, Gold One-Gram Futures Contract, etc.
- **Electronic IPO Facility for Investors:** In order to facilitate investors, the SECP in consultation with the Central Depository Company (CDC) introduced Electronic IPO (E-IPO) facility for prospective investors whereby application for subscription of securities offered to the public can be submitted electronically through the internet, ATMs and mobile phones. Afacilitation account structure has been introduced by CDC for allowing those investors who do not have investors' account to benefit from the E-IPO facility
- **Brokers Office/ Branch Office Regulations:** The SECP in order to instill stronger mechanisms for investor protection and improve the quality and service standards of the brokerage industry, introduced stringent eligibility criteria for opening of new offices/branches by securities brokers. Only brokers with impeccable track record and compliance history in dealing with complaints and arbitration awards up to the satisfaction of the PSX are now allowed to open new offices/branches
- **Streamlining Claim Verification and Settlement Process:** Essential reforms have been introduced in the process for enabling impartial, smooth and timely settlement of claims. Reforms introduced include standardizing valuation of customer claims, designating specific time period for invitation of claims as well as prescribing a period of 120 days for settlement of claims

Anti-Money Laundering

The SECP has effectively taken measures to address potential threat of money laundering and terrorist financing within its regulated entities and maintain integrity of the financial markets. SECP on June 13, 2018 notified SECP Anti-Money Laundering/Counter Financing of Terrorism Regulations, 2018 for its regulated financial institutions and a single set of regulations were issued for the Security Brokers, Commodity Brokers, Insurance Companies, Non-Banking Finance Companies and Non-Profit Organizations(NPOs) to harmonize the AML/CFT regime. Necessary amendments have been carried out in the PSX Rulebook to ensure that the securities brokers comply with the provisions of the SECP AML/CFT Regulations, 2018. Furthermore, it was notified that non-compliant brokers shall also face enforcement actions by the SECP.

In September 2018, guideline on anti-money laundering, countering financing of terrorism, and proliferation financing was issued for the regulated entities to get comprehensive understanding of the SECP AML Regulations, 2018 and develop implementation plan. Similarly, AML/CFT guidelines for NPOs were issued in August 2018 to facilitate section 42 companies in mitigating the underlying risks. These entities are required to establish an effective AML/CFT risk assessment and compliance framework for detecting and reporting suspicious activities.

In order to ensure compliance and effective implementation of the AML Act 2010, the commission on December 14, 2018 directed all the regulated, licensed and associated persons and entities which fall under the domain of insurance sector regulated by the SECP to comply with the requirements of undertaking that they have not been convicted in criminal breach of trust, fraud, offences of money laundering including predicate offences.

Apart from this, the eligibility criteria for obtaining license as a securities broker was enhanced under the Securities Brokers (Licensing and Operations) Regulations, 2016 by introducing pre-condition that ultimate beneficial owners of securities broker should not have been convicted in any predicate offences provided under Anti-Money Laundering Act 2010 or the Anti- Terrorist Act 1997.

SECP has conducted series of awareness sessions on the AML/CFT obligations for regulated entities, including NPOs, to develop their skill set and enhance compliance levels. A total of fifteen (15) awareness sessions on AML/CFT regulatory framework for NPOs have been held by SECP across the country, including those held in collaboration with other stakeholders.

Credit Rating

Credit rating is a forward-looking opinion about the ability and willingness of an entity or a debt instrument issuer, to meet its financial obligations in a timely manner.

Globally, credit rating is a highly concentrated industry; however, it is a growing phenomenon in Pakistan. Credit Rating Agencies (CRAs) in Pakistan operate in a highly regulated environment that is supervised by the SECP through its Credit Rating Companies Regulations 2016 and by the State Bank of Pakistan through recognition as an External Credit Assessment Institute.

Currently, there are two CRAs in Pakistan i.e. the Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS). PACRA was the first CRA in Pakistan, established in 1994, whereas JCR-VIS was established in 1997. Since then it has been a two-player market and both CRAs have maintained a balanced market share over the years. Both the CRAs have had worked with international CRAs, as joint ventures/technical partners such as Fitch Ratings and Japan Credit Rating Agency Limited etc. and are members of Association of Credit Rating Agencies in Asia (ACRAA).

In Pakistan, CRAs have developed a comprehensive state of rating products, covering the following:

S.No	Product	PACRA	JCR-VIS
1.	Entity Rating	✓	✓
2.	Debt Instrument Rating	✓	✓
3.	Sukuk Ratings		
4.	Structured Finance Rating	✓	✓
5.	Insurer Financial Strength Rating	✓	✓
6.	Mutual Funds Stability Rating and Performance Ranking	✓	✓
7.	Broker Management Rating	✓	✓
8.	Asset Manager Rating	✓	✓
9.	Real Estate Project Grading	✓	✓
10.	Security Agency Grading	✓	
11.	Corporate Governance Ratings		✓

In Pakistan a total of 660 rating opinions are currently outstanding, out of which PACRA has 365 outstanding opinions whereas JCR-VIS has 295 opinions.

Notification as Internationally Recognized Credit Rating Agency: Recently, SECP has notified Islamic International Rating Agency (IIRA), Bahrain, as internationally recognized foreign credit rating institution, under regulation 4(g) of the Credit Rating Companies Regulations, 2016 for the purpose of entering into joint venture or technical collaboration arrangement with any credit rating company in Pakistan.

International Relations

The SECP is aggressively working with international development institutions and regulatory standard setting organizations to enhance and build international relations, improve legal and regulatory framework in line with international best practices and to improve bilateral and multilateral cooperation with international counter-part regulatory authorities. Following are some of the important development in this regard:

- The World Bank has conducted, under the Report on the Observance of Standards and Codes (ROSC) program, Pakistan's assessment of corporate governance based on self-assessment carried out by the SECP. After completion of review by the World Bank team, the report was finalized after multiple rounds of discussions with SECP. The assessment noted considerable improvements in implementation of OECD Corporate Governance Principles in Pakistan primarily owing to reforms introduced through the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017. The report was launched jointly by the World Bank and SECP on March 11, 2019 and released by the World Bank on its official website on March 25, 2019
- To further enhance investor confidence in capital markets, SECP is working with SBP on Consumer Protection and Financial Literacy (CPFL) Review conducted by World Bank in 2014. The review has provided a detailed assessment of the institutional, legal, and regulatory framework, in four segments of the financial sector including banking, microfinance and securities. A self-assessment to introduce required legal and regulatory has also been initiated against "Good Practices for Financial Consumer Protection" published by the World Bank in 2017
- To further enhance investor confidence in capital markets, SECP is working with SBP on Consumer Protection and Financial Literacy Review conducted by World Bank in 2014. The review has provided a detailed assessment of the institutional, legal, and regulatory framework, in four segments of the financial sector including banking, microfinance and securities. A self-assessment has also been initiated against "Good Practices for Financial Consumer Protection" published by the World Bank in 2017. This assessment will help to introduce required legal and regulatory reforms particularly for microfinance institutions
- With support of the World Bank, self-assessments of Pakistan's Financial Market Infrastructures which includes National Payment System(under the purview of SBP) and Securities Settlement System, Central Counter Party and Central Securities Depository(under the purview of SECP) was carried out. The respective self-assessments have been discussed with the World Bank team and completed accordingly
- The SECP, in collaboration with the National Accountability Bureau, is contributing to the country review of Pakistan on implementation of the United Nations Convention Against Corruption (UNCAC) undertaken by the international assessors
- Pakistan being a signatory to the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters –which entails combating tax evasion through automatic exchange of information on residents' assets and incomes – the SECP is working for implementation of the Common Reporting Standard Rules issued by the Federal Board of Revenue, in its regulated sectors

- The SECP is in validation process for its accession to the International Association of Insurance Supervisors (IAIS) MMoU. The IAIS MMoU is a global framework for cooperation and information exchange between insurance supervisors. SECP is expected to complete this within 2019

Competition Commission of Pakistan

Competition Commission of Pakistan (CCP) is an independent quasi-judicial, quasi-regulatory statutory body that implements the Competition Act, 2010 (‘the Act’). The Commission is mandated to “provide for free competition in all spheres of commercial and economic activity and to enhance economic efficiency and protect consumers from anti-competitive behavior”. Commission’s work can be classified into the following two broad categories: enforcement and advocacy.

Enforcement: The Section 3 of the Act, i.e. ‘Abuse of Dominance’, prohibits businesses with significant market power from abusing their dominant position. Section 4 of the Act i.e. ‘Prohibited Agreements’ prohibits undertaking or associations of undertakings from entering into any agreement, which lessens competition in the relevant market. Section 10 of the Act prohibits undertakings from ‘Deceptive Marketing Practices’ and Section 11 for ‘Approval of mergers’, all transactions that meet certain threshold must be approved by the commission.

Advocacy: Under *Section 29,* various competition advocacy activities are undertaken, and under *Section 28* of the Act market studies are carried out to promote competition in the economy.

During July’18-Mar’19, the commission received 20 formal complaints, issued 23 show cause notices, conducted 17 hearings, passed 14 orders and granted 68 exemptions to various undertakings. In this duration, the commission issued 2 policy notes: (i) Amendments in the Civil Aviation Authority's order on flight catering services at CAA Airports, (ii) Anti-competitive concerns raised as a consequence of amendment made to section 28 of Khyber-Pakhtunkhwa Public Private Partnership Act, 2014. Two opinions were issued during this period: (i) Opinion on Real Estate Sector of Pakistan, (ii) Opinion on Competition Concerns in the Automobile Sector. Research studies on the ‘Road Construction Sector’ and 'LNG' were also finalized.

The CCP imposed a penalty of Rs. 68.25 million on several undertakings for anti-competitive conduct under the Competition Act. It approved 50 merger orders in oil and gas, power, IT, cement, manufacturing, sugar, food and automotive sectors.

United Nations Conference on Trade And Development (UNCTAD) elected CCP chairperson to preside over the “Third Session of Inter-governmental Group of Experts on Consumer Protection Law and Policy” in Geneva, Switzerland during the month of July 2018 by virtue of which Pakistan became chair at the UNTAD for the year 2018.

Under competition advocacy, to promote competition culture in the economy, three sessions with government and private sector were held targeting key stakeholders. To introduce Competition Law in Pakistani universities, under the ‘Competition Advocacy Academia Drive’, two sessions in different universities were conducted. Moreover, the CCP is working with the World Bank for assessing and strengthening the competition regime in Pakistan.

National Saving Schemes

Central Directorate of National Savings (CDNS) remained in the process of restructuring and transformation in the Fiscal Year 2019. In this regard, the achievements made in the first nine months and initiatives in the pipeline are as under:

IT Transformation:

Starting from 2002-03, National Savings has gone a long way towards computerization and automation of its processes. Out of 375 National Savings Centers (NSCs), 222 have been computerized. In the last one year, some more milestones have been achieved for transformation of the organization into an Information Technology enabled entity.

i. A data center has been established at National Telecommunication Corporation (NTC) and now 205 NSCs are connected to centralized location through Wide Area Network (WAN) whereas NTC is working for provisioning of connectivity at remaining NSCs.

ii. CDNS Main Application System has been upgraded into state-of-the-art Business Application Solution and deployed at 35 National Savings Centers while remaining NSCs are in the process of migration to the centralized architecture by using the newly upgraded Business Application Solution. The aforesaid achievement has enabled CDNS for provisioning of advance, efficient and value-added services to its customers using Alternative Deliver Channels (ADCs) i.e. Debit/ATM Cards, etc.

iii. Protocols have been laid down with National Database Registration Authority (NADRA) for obtaining Verisys and Biosys, which are necessary in the new digitized set up of the organization.

iv. Vendor has been selected for providing the card (ATM/Debit Card) solution for CDNS.

v. Agreement with 1Linkhas been signed for providing connectivity with banking sector/ATM operations.

Achievement of Annual Targets:

CDNS, being the foremost institution providing the avenue to general public to park their savings has been able to not only achieve the targets assigned but also surpassed by a big margin. As of 30.04.2019, the CDNS has achieved 213 % of the Gross and 191% of proportionate targets.

Initiatives in the Pipeline:

1) Sharia Product of National Savings

There was a persistent demand of Sharia compliant product and CDNS has responded to it and has developed its first-ever Sharia Compliant product called Sarwa Islamic Savings Account (SISA) for those who desire to invest only in the Sharia-compliant scheme of CDNS. The Draft rules for it have been printed in the Gazette of Pakistan and after approval of the Cabinet Committee for Disposal of Legislative Cases (CCLC) and the Federal Cabinet, the proposed SISA Scheme will be introduced across the country.

2) Overseas Pakistanis Savings Certificates (OPSCs)

The Pakistani diaspora abroad wanted to have a secure investment channel for their savings while Government of Pakistan, in order to increase more also looked for bringing remittances into formal money channels which were mostly coming via informal channels. In this regard, to fill the void, OPSCs has been designed as a product by CDNS to be launched for Overseas Pakistanis only. It will be launched initially in the Gulf Cooperation Council (GCC) market and then other countries. The Agreement with Manger To the Issue (MTI) has been almost finalized. Being a scripless security, OPSCs will be offered in both the US$ and rupee currencies. It is expected that they will be launched in the Fiscal Year 2019-20.

3) Launch of Rs. 100,000 Premium Prize Bond (Registered)

After successful launch of Rs.40000, Premium Prize Bond (Registered) National Savings is in the process of launching another registered prize bond for Rs. 100,000

4) Scripless issuance and introduction of registered Prize Bonds amongst all denominations of Bearer Bonds

In collaboration with SBP, National Savings is in the process of introduction of registered scripless prize bonds amongst all denominations. The registered prize bonds will be a step towards documentation of the economy while providing facility to the general public.

5) Debit Card Launch & Membership of 1Link System

In near future National Savings is launching ATM Debit Cards with the support of the Karandaaz Pakistan

Conclusion

During FY 2019, the performance of stock markets presented a mixed trend between July and December, largely due to macroeconomic adjustments undertaken by the incumbent government to correct underlying imbalances in the economy. However, the PSX-100 index resumed its momentum from the start of January 2019 following incentives given in the Finance Bill 2019 for investment promotion. Later, the upsurge was halted as uncertainty prevailed in the market because of post-February 26 stand-off at the border with India escalating military operations ahead of the General Elections. However, staff-level agreement has been reached with the IMF for a bailout program, which will help in restoring the eroded confidence in the market that would allow an increased interest in the equity and debt markets of the country.