Capital Markets

Capital Market is the market where securities are traded and channels savings and investment between suppliers of capital such as retail investors and institutional investors, and users of capital like businesses, government and individuals and an economy. It plays a significant role in the national economy. A developed, dynamic and vibrant capital market can immensely contribute for speedy economic growth and development. The lack of an advanced and vibrant capital market can lead to underutilization of financial resources. The developed capital market also provides access to the foreign capital for domestic industry. Thus it definitely plays a constructive role in the overall development of an economy.

Capital market is an important source for mobilizing idle savings from the economy. It mobilizes funds from people for further investments in the productive channels. In that sense it activate the ideal monetary resources and puts them in proper investments and helps in capital formation. Capital formation is net addition to the existing stock of capital in the economy. Through mobilization of ideal resources it generates savings; the mobilized savings are made available to various segments such as agriculture, industry, etc. This helps in increasing capital formation. Thus it provides an investment avenue for people who wish to invest resources for a long period of time. It provides suitable interest rate returns also to investors. Instruments such as bonds, equities, units of mutual funds, insurance policies, etc., definitely provides diverse investment avenue for the public. Capital market enhances production and productivity in the national economy. As it makes funds available for long period of time, the financial requirements of business houses are met by the capital market. It helps in research and development. This helps in, increasing production and productivity in economy by creation of employment and development of infrastructure.

Capital markets in Pakistan play a crucial role in mobilizing domestic resources and channeling them efficiently to productive uses, thus raising national productivity. The level of capital market development is an important determinant of level of savings, efficiency of investment and ultimately rate of economic growth. The major Pakistani capital market institutions include the three stock exchanges: Karachi Stock Exchange (KSE), Lahore Stock Exchange (LSE), Islamabad Stock Exchange (ISE); the central and geographically neutral clearing house ─National Clearing Company of Pakistan Limited (NCCPL)─ the Central Depository Company of Pakistan Limited (CDC) and the Pakistan Mercantile Exchange Limited (PMEX).

The capital market in Pakistan is being regulated through the 1969 Securities and Exchange Ordinance. The Senate passed the new Securities Law on April 16, 2015. After its approval by the National Assembly, it will replace the 1969 law. The new law contains provisions for promoting public confidence in the market, including full disclosure at the time of the initial offering, continuous disclosure requirements and an inclusive compliance regime. While disclosure requirements are essential to investor protection, they are not sufficient to protect against activities such as insider trading and market manipulation. The new law has been developed in an effort to curtail these types of activities. The SECP has to ensure that all investors have access to the same information at the same time.

Pakistan Equity Market

Over the past few years, the capital markets of

Pakistan have witnessed significant development in terms of introduction of high-tech infrastructure, efficient trading mechanisms, proficient processes and comprehensive regulations. The Securities & Exchange Commission of Pakistan (SECP) has taken number of measures to restore and maintain confidence of both foreign and domestic investors by endeavoring to ensure that the market functions in a smooth and transparent manner. Its regulatory mechanism is aimed at minimizing the elements systematic risk on the one hand and promoting institutional strengthening/capacity building of various segments of the capital markets on the other. The SECP has actively perused a capital market reform programme geared towards the development of a modern and efficient corporate sector and capital market, based on sound regulatory principles that provide the impetus for high economic growth.

The year 2014-2015 has been termed as a turbulent year for Pakistani Stock Market. The KSE100 Index demonstrated an overall positive performance during the period from July 2014 – December 2014. The land mark performance of the stock market during current fiscal year can be attributed to a number of positive factors including a stable macroeconomic environment, stable exchange rate, acceleration in the privatization process, downward inflationary trend, prudent monetary policies and strengthened economic growth. The positive inclination of the index continued till January 2015, touching all time high level of 34,826.51 points. However, afterwards the benchmark index slithered downward. The downward continued till end of March 2015. The decline in the third quarter of the year 2014-2015 could be attributed to number of factors including recession in oil prices internationally, uncertain political situation at local and international fronts, stringent enforcement policy by the regulators of capital markets, etc.

Performance of Karachi Stock Exchange during 2014-15

During the first ten months (Jul-Apr, 2014-15) of current fiscal year, the Karachi Stock Exchange (KSE) benchmark-100 index increased by 4,077 points and closed at 33,729.96 points on 30th April against 29,652.53 points on June 30, 2014. During the period Foreign Investors Portfolio Investment (FIPI) remained at $385.92 million, slightly below to $397.50 million same period last year. Similarly market capitalization has increased by 4.03 percent or from Rs. 7,022.70billion on June 30, 2014 to Rs. 7,305.81 billion on April 30, 2015. Market players and analysts believed that market could have performed better but protests sit-ins by some political parties against alleged rigging in general election have chocked further gains. (Table: 6.1 and Fig-1)

Pakistan ranked third in calendar year 2014 amongst the top ten best performing markets in the world. Pakistan was able to secure a place in the top ten for the third consecutive year now. In the MSCI Asian Frontier Markets, Pakistan ranked number one – outpacing Sri Lanka, Vietnam and Bangladesh by a big margin. In 2014, the KSE-100 index gained 6,870 points, generating a handsome return of 27 per cent (31pc return in US$ terms) for the investors. The year will also be remembered in the Pakistani capital market history for mega public offerings led by sale of shares by the Government of Pakistan, and in terms of money raised through these offerings. Total offerings in the year reached 9 as compared to 3 in the previous year. After a gap of seven years, Rs73 billion was raised through offerings as compared to a meager Rs. 4 billion raised in 2013.

Higher foreign inflows during the year can also be counted as a major market impetus. Foreign investors – who hold US$6.1 billion worth of Pakistani shares or 33 percent of the free-float (9pc of market capitalization) – remained net buyers in 2014.

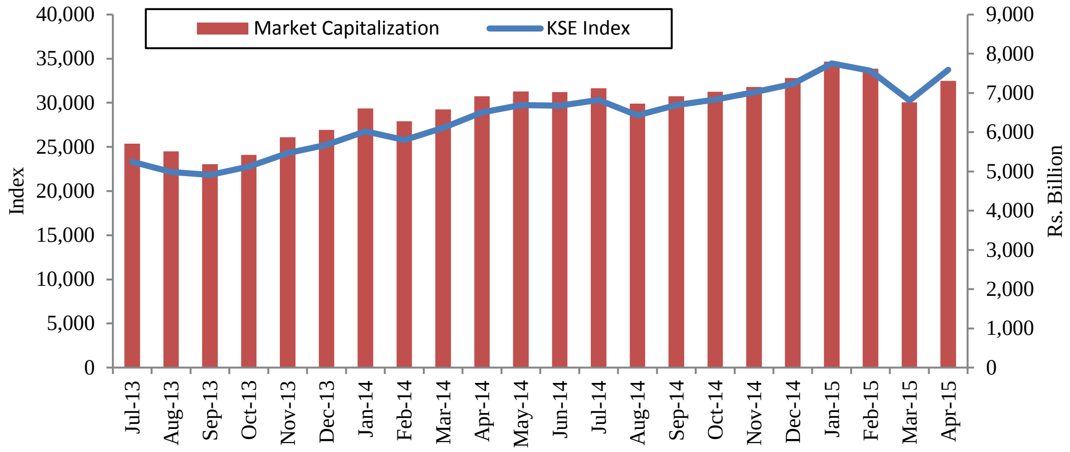
Table 6.1: Leading Stock Market Indicator on KSE (KSE-100 Index: November (1991=1000)

Months	2013-14			2014-15		
	KSE Index (End Month)	Market Capitalization (Rs Billion)	Turnover of shares (Billion)	KSE Index (End Month)	Market Capitalization (Rs Billion)	Turnover of shares (Billion)
July	23,313.00	5,711.70	6.6	30,314.07	7,120.67	2.6
August	22,161.00	5,514.20	3.8	28,567.74	6,726.93	3.1
September	21,833.00	5,185.00	4.7	29,726.39	6,914.10	4.0

Table 6.1: Leading Stock Market Indicator on KSE (KSE-100 Index: November (1991=1000))						
Months	**2013-14**			**2014-15**		
	KSE Index (End Month)	**Market Capitalization (Rs Billion)**	**Turnover of shares (Billion)**	**KSE Index (End Month)**	**Market Capitalization (Rs Billion)**	**Turnover of shares (Billion)**
October	22,776.00	5,423.10	2.3	30,376.53	7,033.70	4.1
November	24,302.00	5,874.50	2.9	31,197.98	7,152.18	5.2
December	25,261.00	6,056.50	4.8	32,131.28	7,380.53	6.3
January	26,784.00	6,607.30	7.2	34,443.87	7,798.41	7.6
Febraury	25,783.28	6,279.20	4.7	33,632.19	7,615.59	6.2
March	27,159.91	6,579.10	4.8	30,233.87	6,760.76	4.3
April	28,912.98	6,920.10	6.7	33,729.96	7,305.81	7.3
May	29,737.69	7,042.82	4.10	-	-	-
June	29,652.53	7,022.69	4.90	-	-	-

Source: Karachi Stock Exchange

Fig-1: Movement in KSE Index and Market Capitalization



This positive performance of the capital market could be attributed to a number of favorable factors, both at the political and economic front. Substantial foreign investments in equity markets which captured considerable free float of the market, declining dollar-rupee disparity, and Government of Pakistan's secondary market offerings played a major role Other key factors which could be seen as contributing to the market's bull-run were the government's business-friendly reforms, improved macro-economic indicators including record forex reserve levels, increased confidence shown by international donor agencies, government's energy sector initiatives, significant interest shown by China to invest in Pakistan, and the government's plans and initiatives towards fast-track privatization.

A total of, 560 companies were listed at Karachi Stock Exchange with the listed capital of Rs. 1,177.77 billion (US $ 11.77 billion) with the market capitalization of Rs. 7,305.81 billion (US$ 71.82 billion) as at end-April, 2015. KSE 100 Index opened at 29,653 points on July 1, 2014 and closed at 32,131 points at the end of calendar year 2014, showing a gain of 8.4 percent over this period despite political turmoil during first half of current year. . The bullish trend in KSE is also continuing in 2015 with further gains. The KSE 100 index closed at 33,730 level points April, 30 2015, showing a cumulative gain of 13.75 percent during first ten months of current fiscal year. The benchmark 100 index closed historical high level of 34,826.57 points on February 03, 2015. The market also witnessed above 35,000 level of 35,053.72 during intraday trading on 4th February, 2015. After witnessing 35,000 level, the Karachi stock market witnessed downward trend and KSE-100 index closed below 29000 level on 30th March, 2015. Between first week of February and end March period the KSE index slipped down by around 6,000 points or

17 percent. The reasons behind the sharp fall included profit taking, recession in oil prices, SECP's investigation against some of the brokers for alleged involvement in inside trading, etc. The total traded volume in the Ready market for the July – April period was 48 billion shares. The average daily volume has been recorded at 185.237 million shares in Jul-March, 2014-15 as against the average daily turnover of 229 million shares in 2013-14.

Table 6.2: Profile of Karachi Stock Exchange

Description	2010-11	2011-12	2012-13	2013-14	2014-15 (end March, 2015)
Total Listed Companies	639	591	569	557	560
New Companies Listed	1	3	4	5	6
Fund Mobilized (Rs. In Billion)	31.0	115.1	29.5	47.6	29.1
Total Listed Capital (Rs. In Million)	943,732.9	1,069,840.0	1,116,005.0	1,100,340.9	1,177,765.5
Total Market Capitalization (Rs. In Million)	3,288,657.3	3,518,140.0	5,154,738.0	6,655,294.8	6,760,759.5
Total Shares Volume (Million)	28,018.1	38,100.0	54,319.0	56,580.6	38,382.3
Average Daily Shares Volume (Million)	111.6	150.0	221.0	229.1	185.7

Source: Karachi Stock Exchange

Sector Wise Performance of Karachi Stock Exchange

Performance of KSE is generally influenced by some major sectors as compared to others. During current financial year some of the sectors played vital role for driving the index upward. Performance of some of the key sectors are discussed below:

Automobile and Parts

Auto sector remained top performer amid the list of top ten performing sectors in terms of market capital. "Automobile sector remained a standout performer in 2014 as its market capital increased by 133 percent during the year to date, depreciating Yen against US-Dollar and Pak-Rupee, introduction of new models by car assemblers and initiation of Punjab Taxi scheme were some of the key triggers driving sector performance during the year. The sector comprises of 15 companies with the total paid up capital of Rs. 7,114.91 million and the total market capitalization of Rs. 242,444.53 million. The profit after tax of this sector was Rs. 11,028.42 million in 2014 which was Rs. 8,665.75 million in year 2013.

Pharma and Bio Tech

This was followed by pharma sector whose market capital increased by 91 percent due to hike in drug pricing and stability of Pak-Rupee against US-Dollar. Investors also rest their hopes on expected change in drug pricing policy to reference based pricing, which could improve gross margins of pharmaceutical companies. The sector comprises of 9 listed pharmaceutical companies with the paid up capital of Rs. 5,839.11 million and Rs. 172,846.16 million market capitalization. This total profit after tax of this sector was Rs. 6,049.05 million in year 2014 which was Rs. 5,120.54 million in year 2013.

Construction & Materials

This sector comprises of 34 companies including cement manufacturing companies, with total listed capital of Rs.4,247.598 million and the market capitalization of Rs.529,814.29 million. Cement sector posted impressive performance due to improved profitability, registering growth of 86 percent. On the back of higher consumption and good exports, the sector showed tremendous growth which translated into good financial results compared to last year. The sector recorded the profit after tax of Rs. 42,320.36 million in 2014 compared to Rs. 38,910.87 million profit in year 2013. Earnings outlook of cement sector also improved due to lower coal and oil prices and increase in construction activity

Electricity

Power sectors also posted decent performance as investors pinned their hopes on declining interest rates. The sector comprises of 19 companies with the listed capital of Rs. 147,302.67 million and market capitalization of

Rs. 326,214.18 million in 2014. The profit after tax of the sector was Rs. 38,985.40 million which was Rs. 28,825.54 million in year 2013.

Commercial Banks

Performance of banking sector (weight of 24 percent in benchmark KSE-100 Index) remained in line with the index performance as banking sector is expected to be a key beneficiary of economic recovery. The sector's outlook has also improved due to increased exposure in higher yielding PIBs. The sector comprises of 23 listed banks with the listed capital of Rs. 394,287.04 million and Market Capitalization of Rs. 1,485,295.76 million. The profit after tax of the sector was Rs. 152,434.03 in 2014 which was Rs. 109,325.46 million in previous year 2013.

Oil & Gas

In this sector 13 companies are listed at Karachi Stock Exchange. It is the most dominant sector in the KSE. In addition to Oil and Gas exploration companies, Oil marketing companies and Refineries are also listed in this sector. Due to sharp fall in oil prices, the market capitalization of this sector has shown a decrease of 30% from June 30, 2014. In 2014 total profit after tax was Rs. 214,612.95 million against Rs. 165,911.25 million in 2013. As on 30th April, 2015 the total market capitalization of this sector was Rs. 1,503,231.37 million.

Personal Goods

In this Sector 174 companies are listed at Karachi Stock Exchange, having total paid up capital of Rs. 53,930.76 million with market capitalization of Rs. 346,901.00 million. In 2014 sector showed profit of Rs. 22,139.14 million as against Rs. 39,413.20 millions in year 2013. The sector comprises of 164 textile related companies. Textile sector underperformed the market posting returns of only 12 percent as compared to KSE-100 Index return of 27 percent in 2014 on account of energy shortfalls and sluggish exports.

Chemicals

In this sector 33 companies are listed, having total paid up capital of Rs. 108,320.06 million and the market capitalization of Rs. 759,993.93 million. In this sector Fertilizer manufacturing companies are also quoted. The profit after tax was Rs. 42,743.15 in 2014 as compared to Rs. 45,265.26 million in 2013.

Fixed Line Communication

The sector comprises of 4 companies which includes PTCL with capital of Rs. 51,000 million and market capitalization of Rs. 81,233.04 million. The profit after tax was Rs. 2,579.36 million in 2014 whereas this sector showed profit of Rs. 10,033.74 million in 2013.

Food Producers

The sector comprises of 49 companies with the dominance of sugar related companies. The total paid up capital was Rs. 19,786.78 million with market capitalization of Rs.796,522.97 million. The profit after tax of this sector was Rs. 14,617.58 million in year 2014 as against Rs. 12,544.90 million in 2013. Food sector also underperformed the market as performance of Engo Foods remained lackluster. Increased competition in tea whitening brands and lower gross margins kept profitability of Engro Foods under pressure during 2014.

Performance of top Companies

Some big companies such as OGDCL, PPL, Lucky Cement, NBP, Engro Corporation, MCB Bank, Hub Power Co. etc primarily influenced the KSE index. During the first three quarters of the current fiscal year 2014-15, the combined paid-up capital of fifteen big companies (Table-6.3) was Rs. 190.24 billion, which constituted 16.15 percent of the total listed capital at KSE. These fifteen companies earned a profit after taxation of Rs. 370.74 billion in the fiscal year upto April 2015. Out of total profit after tax, the share of OGDCL and Pakistan Petroleum Limited stood at Rs.174.78 billion representing 47.14 percent of the fifteen big companies. For the period end-April, 2015, Fauji Fertilizer Company, Habib Bank Limited and MCB Bank Limited's after-tax profit were Rs. 34.64 billion, Rs. 31.82 billion and Rs. 24.33 billion, respectively. Earnings per share of the top rated companies ranged from 1.13 in the case of Engro Foods to 174.84 in respect of Nestle Pakistan Ltd. This indicates that the business environment in the fiscal year 2014-15 continued to improve at least for the blue chip companies. (Table 6.3)

Table 6.3: Price Earning Ratio of Top Fifteen Companies

	Profit After Tax in (Rs. Billion)	Paid up Capital (Rs. Billion)	EPS	Market Price (Rs) April 30, 2015	PE ratio	Market Capitalization (Rs. Billion)
Oil & Gas Dev.Co	123.92	43.01	28.81	182.84	6.35	786
Nestle Pakistan Ltd.	7.93	0.45	174.84	10000.00	57.19	453
Pak Petroleum Ltd.	50.86	19.72	25.79	180.11	6.98	355
MCB Bank Limited	24.33	11.13	21.85	276.28	12.64	308
Habib Bank Ltd	31.82	14.67	21.69	200.6	9.25	294
Pakistan Tobacco Co. Ltd.	4.85	2.55	18.98	858.95	45.25	219
United Bank Ltd.	24.03	12.24	19.63	177.68	9.05	218
Fauji Fertilizer Co. Ltd.	34.64	12.72	27.23	142.45	5.23	181
Engro Corporation Limited	7.80	5.24	14.89	316.54	21.25	166
Lucky Cement Limited	12.57	3.23	38.88	487.22	12.53	158
Allied Bank Limited	15.02	11.45	13.11	113.85	8.68	130
National Bank of Pakistan	16.07	21.28	7.55	57.03	7.55	121
Engro Fertilizer Limited	8.21	13.31	6.17	87.03	14.11	116
Hub Power Company Limited	7.82	11.57	6.76	97.37	14.41	113
Engro Foods Ltd.	0.87	7.67	1.13	146.28	129.21	112

Source: Karachi Stock Exchange

Leading Global Stock Markets Trends

During July- April, 2014-15 most of the leading stock markets of the world witnessed moderate to high growth. China Shanghai Composite index performed robustly and showed a growth of 117 percent during this period. Japan's Nikkei improved by 28.7 percent while Hong Kong Hang Seng increased by 21.3 percent. KSE 100 index showed a growth of 13.7 percent during July-April, 2014-15 period despite some political turmoil during first half of 2014-15 and profit taking seen during end-February and March, 2015 due to high growth in previous year. Among other markets India's Sensex increased only by 6.3 percent, US S&P by 6.4 percent and UK FTSE by 3.2 percent (Table:6.4) .

Table 6.4: Global Stock indices during July-April 2014-15

Sr.no	Country	Stock Name	Date		Change July –April 2014-15	
			1-Jul-14	30-Apr-15	Points	%
1	Pakistan	KSE-100	29,653.00	33,730.00	4,077.0	13.7
2	US	S & P 500	1,960.23	2,085.51	125.3	6.4
3	India	Sensex	25,413.78	27,011.31	1,597.5	6.3
4	Australia	AORD	5,382.00	5,635.00	253.0	4.7
5	New Zealand	NZX 50	5,141.48	5,791.34	649.9	12.6
6	UK	FTSE 100	6,743.90	6,960.60	216.7	3.2
7	Taiwan	T.weighted	9,393.07	9,820.05	427.0	4.5
8	Hong Kong	Hang Seng	23,190.72	28,133.00	4,942.3	21.3
9	Kuala Lumpur	KLSE Composite	1,882.71	1,818.27	-64.4	-3.4
10	Tokyo	Nikkei 225	15,162.10	19,520.01	4,357.9	28.7
11	Singapore	FSSTI index	3,255.67	3,487.39	231.7	7.1
12	China	Shanghai Composite	2,048.00	4,442.00	2,394.0	116.9
13	Seoul	Composite	2,002.21	2,127.17	125.0	6.2
14	Thailand	Set (Bangkok)	1,486.00	1,527.00	41.0	2.8
15	Philippines	PCOMP index	6,844.00	7,715.00	871.0	12.7
16	Sri Lanka	CSEALL index	6,378.62	7,179.00	800.4	12.5
17	Indonesia	JCI index	4,878.58	5,086.42	207.8	4.3

Source: Karachi Stock Exchange

Lahore Stock Exchange

The top indicators observed varied movements at the LSE. The turnover of shares on the exchange during July-March 2014-15 was 239.6 million shares. Total listed capital with the LSE increased from Rs. 1,042.2 billion in June 2014 to Rs. 1,096.1 billion in March 2015. The LSE-25 index, which was 5,612.83 points in June 2014 slightly increased to 5,623.61 points in April 2015. The market capitalization of the LSE has increased from Rs. 6,771.76 billion in June 2014 to Rs. 6,922.15 billion (2.2 percent) in April 2015. Eight new companies were listed with the LSE during July-March 2014-15, as compared to four companies in the fiscal year 2013-14 (Table 6.5).

Table 6.5: Profile of Lahore Stock Exchange

Description	2010-11	2011-12	2012-13	2013-14	2014-15 (End March 2015)
Total Listed Companies	496	459	440	432	433
New Companies Listed	9	2	2	4	8
Fund Mobilized (Rs. In Billion)	18.1	13.3	7.7	40.4	4.3
Total Listed Capital (Rs. In Billion)	888.2	989.4	1,042.2	1,042.2	1,096.1
Turnover of Shares (Billion)	1.1	0.9	1.0	0.7	0.2
LSE 25 Index	3,051.1	3,707.6	4,370.7	5,612.8	5,031.1
Aggregate Market Capitalization (Rs. Billion)	3,166.0	3,279.1	4,852.8	6,771.8	6,395.0

Source: Lahore Stock Exchange

Islamabad Stock Exchange

The Islamabad Stock Exchange (ISE) witnessed a bearish trend during July-April, 2014-15. ISE-10 index which is the principal index of the Exchange was 4,572.31 points on June 30, 2014 decreased to 3,677.81 points as on end April, 2014 recording a decrease of 20.1 percent during first 10 months of current fiscal year. The highest level of index 4,800.33 was witnessed on July 24, 2014 as compared to the lowest level of 3,314.05 as on March 30, 2015. The average daily turnover of shares in the ISE during July-March, 2014-15 was 0.099 million shares.

The number of listed companies decreased from 270 in June 2014 to 218 as on end March 2015. The total listed capital grew to Rs.894.4 billion during this period. The market capitalization also increased to Rs. 5,020.68 billion which was 24.75 percent high as compared to last year (Table 6.6).

Table 6.6: Profile of Islamabad Stock Exchange

Description	2010-11	2011-12	2012-13	2013-14	2014-15 (End March 2015)
Total Listed Companies	236	218	210	210	218
New Companies Listed	-	-	1	1	7
Fund Mobilized (Rs. In Billion)	17.8	12.8	8.1	8.1	6.9
Total Listed Capital (Rs. In Billion)	727.0	830.5	871.1	871.1	894.4
Turnover of Shares (Billion)	0.04	0.03	0.03	0.03	0.02
ISE 10 Index	2,722.8	2,871.1	3,904.6	4,572.31	3,437.3
Aggregate Market Capitalization (Rs. Billion)	2,621.1	2,824.4	4,017.2	4,017.2	5,020.7

Source: Islamabad Stock Exchange

During the period July 2014 to May 2015, approval was granted by the SECP to 7 companies under Section 57(1) and 62 of the Companies Ordinance, 1984 i.e. offer for sale for 40.475 million shares by Engro Powergen, Qadirpur Limited; 48.308 million ordinary shares by Saif Power Limited; 13 million ordinary shares by systems Limited; 19.349 ordinary shares by Synthetic Products Enterprises Limited, 131.275 million shares of Allied Bank Limited by the Privatization Division, Government of Pakistan and 27.350 million shares of Mughal Iron and Steel industries Limited to the general public, institutional investors and high-net-worth individuals and disinvestment of 609.317 million shares of Habib Bank Limited by Privatization Division, Government of Pakistan.

Further, during the same period Sindh Modaraba Management issued 13.500 million Modaraba Certificates of Sindh Modaraba to the general public. Detail in the following Table.

S. No.	Name of Company	Book Building Date	Retail Portion Subscription Date	No. of Shares offered (million)			Offer Price/ Strike	No. of Shares Subscribed (million)			Times Subscribed	
				Book Building	General Public	Total		Book Building	General Public	Total	Book Building	General Public
1	Engro Powergen Qadirpur Limited (Offer for Sale)	-	22-24 Sep, 2014	-	40.475	40.475	30.02	-	91.22	91.220	-	2.25
2	Saif Power Limited (Offer for Sale)	30 Sept,2014	11-12 Nov, 2014	36.232	12.077	48.309	30	115.02	23.64	138.660	3.17	1.96
3	Systems Limited	5 Dec, 2014	29-30 Dec, 2014	9.75	3.25	13.000	40	29.59	10.3	39.890	3.03	3.17
4	Syntehetic Products Enterprise Limited	8-Dec, 2014	6-7 Jan, 2015	14.512	4.837	19.349	30	20.26	10.44	30.7	1.4	2.16
5	Allied Bank Limited (Offer for Sale)	10-11 Dec, 2014	-	131.275	-	131.275	110	185.138	-	185.138		-
6	Mughal Iron and Steel Industries Limited	16-Feb, 2015	16-17 march	20.512	6.837	27.35	34	68.487	23.38	91.867	3.34	3.42
	Habib Bank Limited	7-April, 2015	-	609.317	-	609.307	168	162353.4	-	162353.4	1.59	
	Total			**821.598**	**67.476**	**889.074**		**162771.895**	**158.98**	**162930.875**		

Capital market transaction by the Privatization Commission

Pakistan's privatization program is one of the most successful program in the region as it successfully managed to complete 171 privatization transactions, generating revenue of Rs. 646.091 billion.

In June 2014, the new government announced one of its high priorities to turn around the loss making Public Sector Enterprises by restructuring the entities with the assistance of strategic sector partnership, which has the capacity to invest and provide capable management.

Accordingly, in October, 2013, the Cabinet Committee on Privatization (CCoP) earmarked a list of 31 PSEs in Banking & Finance, Oil & Gas Sector, Power, Industries, Transport and Real Estate, for early implementation, out of a list of 69 units of broad-based privatization programme. The list of 31 was enhanced in June, 2014 by addition of 08 Power Sector Entities and the Privatization Commission initiated the process for various PSEs.

Out of the initiated transactions, PC has successfully concluded three Capital Market Transactions, in June, 2014 i.e. UBL Offering (fetching proceeds of PKR.38,223 million, including foreign exchange of US$315 million) and Pakistan Petroleum Ltd.(PPL) Offering (fetching proceeds of PKR.15,342 million)and in December, 2014, Allied Bank Ltd ABL). Offering (fetching proceeds of PKR.14,440 million, including foreign exchange of US$19 million) were concluded, thus re-launching the privatization programme after a lapse of six years. It is to be noted that due to sit-ins by some political parties in August-October 2014, Privatization of OGDCL gone through a major set back as timeline for its transaction was to be extended which was scheduled to be completed by September 2014. OGDCL share price was trading at Rs. 270/- per share in September, 2014. Extension in timeline together with falling oil prices resulted in OGDCL share price to drop from Rs. 270/- to Rs. 230/- in November, 2014 and as a result PC could not complete US$ 800 million OGDCL offering. In April, 2015, the Commission has concluded one capital market transaction of Habib Bank (HBL) fetching proceeds of PKR 102 billion (including foreign exchange of US$ 764 million). Moreover, Strategic Sale of Heavy Electrical Complex is also expected to generate cash proceeds of Rs.250 million besides clearance of the entities liabilities, amounting to approx. Rs 850 million.

Work in Progress

Appointment of Financial Advisors (FAs) for privatization of Islamabad Electric Supply Co. (IESCO), Lahore Electric Supply Co. (LESCO), Faisalabad Electric Supply Co. (FESCO), National Power Generation Co. Ltd. (NPGCL), National Power Contraction Corp. (NPCC), and PIA has been completed. Moreover, process for appointment of FAs for remaining power sector companies has been initiated. Expression of Interest (EOI) for Acquisition of a minimum of 88% Shares of National Power Construction (Private) Limited (NPCC) has also been launched.

Success of the privatization program is contingent upon the support of all the stakeholders including various government agencies, departments, organizations and most importantly the people of Pakistan.

Issue of Securities outside Pakistan

During the period July 2014 to May 2015 approval was granted by the SECP to the Second Pakistan International Sukuk Company Limited under section 62A of the Companies Ordinance, 1984 to issue and / or list Sukuk outside Pakistan. The company successfully raised US$ 1 billion from the international market.

Commodities Market

During the period July-March, 2014-15, the trading activity of Pakistan Mercantile Exchange (PMEX) mainly concentrated in futures contracts of crude oil, gold, silver and cotton. The Table below depicts the trading statistics for the period stated:

Commodity	Traded Contracts (1st July-March 30,2015)	Traded Value in PKR Contracts (1st July-March 30,2015)
Gold	586,608	168,608,940.394
Silver	202,232	18,837,883,317
Crude	2,022,141	331,418,573,272
Cotton	274	87,186,597
Total	2,811,255	518,952,583,580

Debt Capital Markets

A well-developed corporate bond market is essential for the growth of economy as it provides an additional avenue to corporate sector for raising funds for meeting their financial requirements. During the period July 2014 to December 2014 five debt securities were issued. The break-up of these debt issues are as follows:

Sr. No.	Name of Security	No. of Issues	Amount (in billion rupees)
i.	Privately placed term Finance Certificates	2*	6
	Sukuk (inside Pakistan)	2**	26
ii.	Sukuk (outside Pakistan)	1***	100
	Total	5	132

*(by Askari Bank Limited and Al-Baraka Bank Limited); ** (Engro Fertilizaers Ltd.;and K-Electric Limited); ***(Pakistan Second International Sukuk Company Limited,)

As of May, 2015 a total of 97 corporate debt securities were outstanding with an amount of Rs. 515.43 billion as per following detail:

Sr. No.	Name of Security	No. of Issues	Amount outstanding (in billion rupees)
i.	Listed Term Finance Certificates (L-TFCs)	20	30.36
ii.	Privately placed Term Finance Certificates (PP-TFCs)	33	68.86
iii.	Sukuk	43	415.127
iv.	Participation Term Certificates (PTCs)	01	1.08
	Total	106	515.43

Source: SECP

Capital Market Reforms and Development Activities

In line with its objectives to develop a fair and competitive capital market in Pakistan, the Securities and Exchange Commission of Pakistan (SECP), 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:

National Custodial Services offered by NCCPL: In order to promote secure alternatives to investors for safeguarding their assets, regulatory framework has been approved for launch of National Custodial Services (NCS) from the platform of the National Clearing company of Pakistan Limited (NCCPL). Under NCS, the NCCPL will act as the custodian and clearing agent of the investors and will offer investors an opportunity of centralized clearing, settlement and custodial services without the involvement of brokers as these functions were previously being performed by the Broker Clearing Members. The introduction of NCS will minimize the chances of misuse of investor's assets by the brokers.

Asset under Custody Regime: To enhance investors' confidence and curtail unlimited custody of investors' assets with the brokers, regulatory framework has been approved for the CDC to introduce Asset under Custody regime, considering the threat and uncertainty faced by an investor in the event of default by the broker. Under the said regime, a broker shall be allowed to keep client assets up to 25 times of its Capital Adequacy Level. Non-compliance with the said regime will result in disciplinary proceedings against the said broker which may lead to restriction and suspension.

Introduction of SME Board at KSE: The SECP has approved the regulations for a Small and Medium Enterprises Board (SME) to be introduced at the Karachi Stock Exchange (KSE) to facilitate listing of companies with small capital requirements. The SME regulations rationalize the listing process for smaller companies while ensuring appropriate safeguards for capital market investors.

Revised Pre-open Modalities: Considering the risk of manipulation during the pre-open session, amendments have been approved in the regulatory framework of KSE in order to ensure smooth opening of the market. The new amendments will ensure that orders placed during pre-open session shall not be deleted within three minutes of opening of market.

Regulations for Research Analysts: To address the need to bring standardization and enhance integrity in the research, analysis and insight offered by analysts, the SECP has framed a set of regulations for regulating activities of research analysts and persons disseminating investment recommendations to the general public. The objective is to make such activities subject to pre-defined standards, policies and procedures that enable a greater level of reliance, accountability and enhanced investor confidence. The regulations have been placed on the SECP's website to solicit public comments / feedback.

Launch of web-based investor complaint system: In order to enable the investors to lodge and keep track of their complaints through the internet, a web-based investor complaint system has been launched through the platform of the stock exchanges. This will not only facilitate investors but will also create transparency and efficiency in the process of resolution of investor complaints.

Book Building Regulations

The equity capital market is an important segment of our capital market and is considered a viable and efficient alternative for fund raising. In order to promote the Primary Market, the SECP had introduced the Book Building mechanism in IPOs in the year 2008 through amendments in the Listing Regulations of the Stock Exchanges. Since its introduction, 17 Issues have been offered through Book Building, out of total 29 issues. In order to bring further efficiency and transparency in the Book Building process, SECP has reviewed the existing framework for book building and has drafted the Book Building Regulations, 2015 (the Regulations). The draft Regulations were published in the official gazette on January 15, 2015 for seeking public comments.

Introduction and implementation of e-IPO:

In order to facilitate the general public during IPOs, SECP has introduced the concept of 3-IP i.e. electronic submission of subscription form e-IP facility will:

- Enable the investors to make application for subscription of shares via internet (e-Banking/ATMs).
- Facilitate simultaneously both the companies that intend to raise fund from the capital market through IP and the general public applying for subscription of shares.
- Bring transparency and efficiency in the IP process.

The e-IPO facility was first used successfully in the offer for sale of shares of Aisha Steel Mills Ltd, where United Bank Limited for the first time provided e-IP facility to its account holders. Later the same bank has successfully offered e-IPO facility in the IPOs of Lalpir Power Limited, Engro Fertilizers Limited, Avanceon Limited, Hoscol Petroleum Limited, Engro Powergen Qadirpur Limited, Saif Power Limited, Systems Limited and Synthetic Products Enterprises Limited.

For further development, of the e-IPO facility, SECP in coordination with Central Depository company (CDC) is working on developing a centralized e-IPO system.

Sukuk Regulations

The SECP has issued Sukuk Regulations, 2015 under Section 506A of the Companies Ordinance, 1984 which require appointment of Shariah Advisor and Investment Agent. An efficient, broad-based and well-regulated Sukuk market will greatly help in the development of our capital market. The purpose of making the Sukuk regulations is to facilitate the issuers for fund raising from the capital market.

Development of new regulatory framework

The following new Rules, Regulations and Guidelines are being formulated/revamped for the development of the capital market.

- Amendments in the Credit Rating Rules, 1995;
- Amendments in the Companies (Issue of Capital) Rules, 1996;
- Regulations for Electronic Initial Public Offerings;
- The Underwriters Rules; and
- The Balloters and Transfer Agents Rules.

Future Roadmap

The future roadmap for the capital market, as outlined below, envisages introduction of key structural and regulatory reforms, development of new products, and measures for improving governance, risk management, transparency and investor protection in the capital market operations:

- **Code of Corporate Governance for Brokers:** As per the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration Act, 2012, each broker is required to comply with the Code of Corporate Governance prescribed by the SECP. The Code of Corporate Governance in place for listed companies is not considered suitable for application on unlisted brokerage houses. Accordingly, a Code of Corporate Governance for brokerage houses is being introduced to improve corporate governance framework of such entities.
- **Improvements in the Leverage Market products:** Under the current regulatory framework, brokers can extend financing to their clients through Margin Financing System and Margin trading system. Improvement will be made in the operational and regulatory structure of these products to remove practical difficulties and ensure that financing to clients by brokers is extended only in a regulated and transparent manner.
- **Attainment of Central Counter Party (CCP) status by NCCPL and introduction of Settlement Guarantee Fund:** Amendments will be made to the regulations of NCCPL and the current default management process to introduce the concept of a Central Counter Party. Further a Settlement Guarantee Fund of appropriate size in accordance with actuarial valuations will be implemented to ensure a robust and efficient default management regime in accordance with international best practices.
- **Introduction of revised settlement model in the GDS to promote trading in government debt securities:** The trading of Government Securities at stock exchanges commenced in February 2014 which is a significant breakthrough for the secondary debt market. The current settlement system will be further refined through requisite system development and regulatory changes to eliminate practical difficulties and facilitate retail investors in trading Government securities at the stock exchanges.
- **Global Inspections Regime:** A concept of global inspection of brokers is being introduced whereby multiple inspections of brokers by the SECP, System Auditors and CDC will be replaced by a single inspection regime. This will not only eradicate redundancies and duplications in the current inspection regime but will also ensure a comprehensive and more focused approach towards detecting non-compliances with laws and taking time enforcement actions.
- **Commodities Market development:** The SECP has embarked upon developing a

roadmap for the growth of commodity markets in Pakistan. For further diversification of the product portfolio in the commodities market, PMEX is deliberating upon launch of products which include contracts based on energy products and Euro denominated gold futures contracts. Also, the SECP envisages having in place warehousing facilities for commodities to provide farmers with access to market to aid in price discovery and risk-hedging. Warehousing shall provide producers/ farmers/traders standardized storage and smooth delivery of agricultural products such as wheat, rice, sugar, etc. Receipts issued by warehouses convert inventories held by farmers/producers into a readily tradable item at the commodity exchanges. Warehouse receipt can be traded on used as collateral to support borrowing of accepted for delivery against a futures contract.

- **Post-demutualization reforms:** The SECP in collaboration with the stock exchanges is in the process of introducing consequential reforms which are essential for taking the exchanges forward in the demutualized setup. The stock exchanges are in the process of bringing in strategic investors which will enable the exchanges to benefit from their extensive expertise and technological assistance, apart from bringing foreign investment and broadening the investor base. Simultaneously, efforts will be made for listing of the stock exchanges so their shares are offered to the general public in terms of the demutualization law.
- **Broadening of investor base:** The SECP will take measures to increase the depth of capital markets and broaden the investor base, typically the largely untapped retail segment. For this purpose outreach of capital market infrastructure and related services will be pursued and options of using the banking network to increase the outreach of depository services and other innovative idea such as using the post office network will be explored and evaluated.
- **Development of new Products and Systems:** Efforts will be made to revive the derivative market segments to provide alternate venues of investment for the investors in the capital market. Further, the possibility of introducing latest risk management techniques including introduction of the Standardized Portfolio analysis of Risk (SPAN) margining regime in the derivative market segments is being explored.

Investor Education and Awareness

Pakistan’s capital market, non-bank financial and insurance sectors have immense potential; however, this is not fully realized due to low levels of investors’ involvement on account of lack of education and awareness. To address this and fulfill its regulatory mandate, the SECP has market investors’ education as a priority area and approved a comprehensive Investor Education Plan which is in implementation phase. Under the program knowledge is being imparted about financial markets and products to different segments of the society.

The main theme of the Plan is financial planning and budgeting, market setup and operations, product features and risks, rights and obligations of user and providers of financial products, and dispute resolution. The IEP envisions two approaches in terms of delivery – to entire Pakistan through digital means (i.e. through web portal, mobile massaging, social media marketing, electronic & other media) and targeted to specific segments through physical interaction (i.e. by means of organizing events like seminars, workshops, investor and insurance day, and financial expose in selected cities. The Web portal and Value Added SMS service will be launched within a month.

To further its endeavor of protecting retail investors, raising awareness about savings and investment, financial markets and products, and building investor confidence, the SECP has embarked upon a country wide series of investor awareness seminars, conducted in collaboration with various capital market infrastructure institutions, association of intermediaries etc. A number of seminars have been conducted in Karachi, Lahore and Islamabad and more such seminars have been planned to take place according to a pre-set schedule. These seminars are part of the overall investor education program, which is aimed at enhancing financial literacy and providing easy access to financial instruments through setting up a capital market business hubs across major cities of Pakistan. The basic idea behind the concept capital market business hubs is to provide all services related to the capital market to investors at one place.

Legal reforms

A strong legal and regulatory framework is critical for the development of financial markets, as it provides the basic structure for product innovation and market integrity. It also enables regulators to maintain investor confidence in the financial markets. Therefore, in order to bring our legal and regulatory framework at par with the international standards, the SECP has sought to revamp its key laws pertaining to capital markets and corporate sector. In addition to above mentioned Securities Law, the SECP has drafted the following bills, which are various stages of approval:

- SECP (Amendment) Bill, 2015
- Futures Trading Bill
- Corporate Restructuring Companies Bill, 2015
- Limited Liability Partnership bill, 2015.
- Companies Ordinance (Amendment) Bill, 2015
- Unclaimed Dividend and Insurance Benefits and investor Education Awareness Fund Amendment Bill, 2015

Mutual Funds

The total size of the industry stood at Rs. 510.920 billion as of February 28, 2015 as compared to Rs. 447.62 billion on July 31, 2014, showing an increase of Rs. 63.3 billion or 14 percent over the period. The total number of funds stood at 165 on February 28, 2015 as compared to 160 on July 31, 2014.

Equity funds (both Conventional and Shariah Compliant) dominated the AUMs of the industry with the largest share of the mutual fund industry i.e. 37 percent. Income funds (both Conventional and Shariah Compliant) held the second largest industry share i.e. 26.6 percent, followed by Money Market Funds (both Conventional and Shariah Compliant) with industry share of 22.3 percent.

The position as on February 28,2015 in comparison to June 30, 2014, is as under;

(Rs. in million)

Description	February 28, 2015	July 31, 2014
Total Assets under Management of Industry	510,920	447,624
Total Number of Funds	165	160
Total Number of MCs/IAs	25	24
Asset Size of AMCs/IAs	32,128	27,110
Discretionary/Non-discretionary portfolio	85,101	71,847

To facilitate further growth of the Mutual Fund Industry and to safeguard the investor interest SECP has prescribed detailed requirement for Asset Management Companies (AMCs) to advertise open end Collective Investment Schemes (CIS). It applies to T.V. interviews, (including Videos on You Tube), emails, public speeches, presentations in seminars and workshops, or any other forum used by the AMC, so long it markets or conveys the performance of a CIS.

- The Commission reduced the liquidity requirement of maintaining 25 percent of the net assets in cash and near cash instruments to 10 percent for income schemes holding 70 percent investment in government securities to enhance the investment opportunities for sovereign funds.

Modarabas

Pakistan's modaraba concept dates back to the 1980s as the first Islamic business model set up with a statutory framework and dedicated regulations. This sector, based on Islamic principles is an important component of Pakistani financial market. Since inception, the modarabas have played a vital role in the development and growth of Islamic modes of financing in the country in terms of declaration of highest dividend percentage to their certificate holders. Under the regulatory and monitoring supervision of the SECP, modarabas are providing a wide range of Islamic financial products and services to the masses in line with the Shari'ah principles.

As of February 28, 2015 there were 40 modaraba companies and 27 modarabas were registered with the SECP, respectively. During the period from July 1, 2014 to February 28, 2015, three new modaraba companies were registered while one new modaraba was floated and listed on the stock exchange. As of December 31, 2014 the aggregate equity of modarabas was Rs.14,060 million as compared to the total equity of Rs.15,297.00 million as on February 28, 2015. Similarly, as of February 28, 2015 total assets of the modaraba sector stood at Rs. 30,105 million as compared to the total assets of Rs. 30,192 million for the period ending December 31, 2014. Out of the total 26 operational modarabas, 19 modarabas declared cash dividend including stock dividend by one modaraba. One modaraba issued Right modaraba certificates also.

Keeping in view the practical difficulties and to bring operational flexibilities, the Modaraba Rules, 1981 and Prudential Regulations for Modaraba are being reviewed in line with international best practices. The rights of the modaraba certificates holders are being enhanced by introducing the concept of annual general meeting of the modaraba certificate holders. Moreover, possibilities for introducing new fund raising products are underway to address the issues of resource mobilization for the modaraba sector. The exercise is expected to be completed during the financial year 2014-15.

Non-Banking Financial Services

Non-banking finance services are being provided by leasing companies, investment finance companies (investment banks) and housing finance companies. As on July 31st 2014, there were 9 leasing companies and 7 investment banks. Currently no NBFC is operating as housing, finance company. The asset size of these NBFCs was Rs. 49.27 billion as of February 28, 2015 as compared to Rs. 46.78 billion as on July 31st, 2014. This increase in asset size of the sector is mainly attributed to increase in asset size of leasing companies.

Financials of NBFCs engaged in non-banking financial services as on February 28th 2015 in comparison to July 31st, 2014, is as under;

(Rs. in million)

Particulars	February 28, 2015	July 31, 2014
Total Assets	49,270	46,784
Total Liabilities	39,597	38,163
Total Equity	9,466	8,449
Total Deposits	12,196	12,260

The SECP in order to ensure the development of these entities has carried out review of the whole business model and prevalent regime of non-banking financial services taking into account global best practices, as well as the interests of all the stakeholders. Consequently SECP has embarked on the momentous task of revamping the entire regulatory structure for these NBFCs in line with best international practices. SECP is introducing new concepts in the revised regulatory regime which include significantly reduced equity requirements for non-deposit taking NBFCs, a comprehensive regulatory framework for NBFCs which desire to conduct their business in accordance with Islamic Sharia principles, a regulatory framework for NBFCs intending to engage in micro lending business, broadening the scope of housing finance companies to undertake commercial housing finance activities, and introduction of various measures such as capital adequacy ratio, capping of deposit taking activities, reduction in exposure limits, rationalizing leveraging capacity, etc. to protect interest of general public.

Real Estate Investment Trusts (REITs)

Real Estate Investment Trusts (REITs) provide investors with a small capital base to take advantage of the investment potential Real Estate sector offers. RIT Regulations which provide the regulatory structure for securitization of property were notified in year 2008. As the individual investor does not have enough market knowledge to take the decision at the right time as investing in real estate is cyclic in nature and the investor sometimes lacks holding capacity. Through REITs, Investors have the option to take exposure in Rental as well as Developmental REITs. SECP provided the regulatory framework to ensure investor protection, bring transparency and price discovery in the real estate sector. Furthermore, SECP endeavors to provide a regulatory framework which is relevant in the current economic conditions. REIT Regulations were amended in year 2010 to address industry challenges. To overhaul the whole NBF sector an NBF reform Committee was formed and REIT Regulations were also reviewed.

The recommendations of committee were debated and draft regulations are being shared with the stakeholders to get their feedback on the key issues. The new REIT Regulations are likely to bring in multiple changes in the Regulatory structure like reduction in the fund size, reduction of equity requirements and mandatory stake of RMC in a REIT Scheme. These regulations are likely to attract new players and invite well maintained buildings into REITs. It is expected that with these amendments will provide investors a new investment avenue, provide real estate sector a mechanism of raising funds and give boost to the capital markets activities.

Voluntary Pension Scheme

The SECP regulates the Voluntary Pension System (VPS) in Pakistan through the VPS Rules. The regulatory regime envisages a trust structure for the protection of the investors. The VPS envisages voluntary contributions by Pakistani nationals in a pension fund approved by the SECP. The amount accumulated in a pension fund during working life can be used to avail regular stream of income at retirement. The government has given tax incentives to individuals under the current tax regime to encourage savings for reared life.

Private pension funds under the 2005 Voluntary Pension system (VPS) Rules were introduced in 2007. The size of pension funds remained stagnant during the initial years mainly due to adverse market conditions, lack of awareness about the product and fiscal inconsistencies. However, since 2010 onwards, the pension funds have shown significant growth which can be attributed to favorable market conditions, positive changes in the tax regime, launch of new pension funds and increase in number of participants (investors). In last 6 months one new pension fund manager was added to the VPS industry. It is expected that with the entry of a new player in the market the potential investors will see better customer service and a better awareness of the financial product. The total assets of Pension Schemes have crossed Rs.11 billion as of February 2015.

CORPORATE SECTOR

Establishment of Virtual One-Stop Shop

In order to promote investment climate in the country, a Virtual One Stop Shop (VOSS) for business registration is being launched shortly on the basis of a Memorandum of Understanding (MoU) signed between the SECP, the Federal Board of Revenue (FBR), and the Employees Old-Age Benefits Institution (EOBI). Pakistan Revenue Automation Pvt. Limited, a wholly-owned subsidiary of FBR, is developing the project with active assistance provided by SECP, VOSS would reduce the turnaround time for business start-up, facilitate investors, and would result in enhanced coordination of activities between the three authorities by enabling mutual sharing of information through a unified web portal. The date provided by the promoters to SECP for incorporation of their companies will be routed through VOSS to other authorities for NTN registration with FBR and employers' registration with EOBI, without going into hassle of providing the date separately and visiting each authority individually. The project would also result in merging of three processes at SECP (name availability, incorporation of company and issuance of certified true copies) into one, which will further reduce the turnaround time and hassle for the promoters. To make the public aware of its underlying benefits, an awareness campaign on VOSS was launched in the print media and the advertisements were issued in newspapers.

In addition to the VOSS, the launch of a Physical One-Stop Shop (POSS) in provinces has also been planned, which is being steered by GoP and for which SECP has already committed to provide its due support. MoU for the first POSS at Lahore Chamber of Commerce & Industry has been signed in September 2014 between SECP, FBR, EOBI and LCCI.

Online Payment

To facilitate the general public, simplify the process of starting a business and further reduction in time and cost SECP has introduced an "On-line Fund Transfer (OFT)" facility whereby its depositors can register with MCB Bank in Pakistan for on-line fund transfer from their MCB Bank account, without the need to visit a branch for physically depositing the amount. Furthermore, an additional online payment option in e-services has been introduced through which stakeholders can pay the fee through Credit Card and submit forms / returns online without any need to visit bank or SECP offices.

Companies (Easy Exit) Regulations, 2014

In order to weed out large number of defunct/document companies, has time and again launched Companies Easy Exit Scheme (CEES) thereby provided such companies with an opportunity to get their names struck off from the register under section 439 of the Companies Ordinance 1984, on filing certain documents and payment of the prescribed fee,. Besides, during the year 2013, a of large number of defunct companies, which have failed to avail the scheme, were struck off the register by the registrar suo moto after following the procedure prescribed under section 439 of the Ordinance.

In order to make the CEES a permanent feature and acknowledging the continuous demand from various quarters, this Regulations was issued, which is applicable to all the defunct private and public unlisted companies with certain conditionally. The proposed regulations shall provide the companies having no assets or liabilities and not carrying on any business, with an opportunity to get their name struck off from the register under section 439 of the Ordinance, without going into lengthy winding up process. Accordingly, only healthy and functional companies will remain on the register, thereby increasing the rate of compliance of provisions of the Ordinance, particularly with respect to filing of returns.

National Savings Schemes (NSS)

The Central Directorate of National Savings (CDNS) is playing vital role of promoting savings culture in Pakistan side by side supporting the Government of Pakistan to finance the fiscal deficit through non bank borrowing. The product basket of National Savings Schemes (NSS) from three months Short Term Savings Certificates to ten years long term Pensioners Benefit Accounts. As of 3Ist March, 2015, the portfolio of NSS is Rs. 2,938,920.21 million which constitute the 25 percent share of overall domestic debt of GoP. Scheme wise Net investment is as under:-

Table 6.7: National Saving Schemes (Net Investment) (Rs. Million)

	Name of Scheme	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15 (July-Mar)
1	Defence Savings Certificates	(32,493.2)	9,748.1	7,295.5	29,892.0	12,970.8	11,008.0
2	National Deposit Scheme	(0.1)	(1.0)	(0.9)	(0.6)	(0.3)	(0.62)
3	Khaas Deposit Scheme	(3.8)	(2.6)	(0.6)	(1.2)	(0.8)	(4.30)
4	Special Savings Certificates (R)	61,856.6	43,960.6	(52,834.2)	46,401.5	57,619.6	34,627.8
5	Special Savings Certificates (B)	(0.3)	(0.7)	(0.9)	(0.3)	(0.8)	-
6	Regular Income Certificates	44,538.3	46,946.8	43,971.6	36,047.0	62,783.3	47,294.2
7	Bahbood Saving Certificates	59,267.2	61,731.6	52,254.5	47,622.7	53,963.0	38,189.0
8	Pensioners' Benefit Account	18,166.9	17,940.3	16,359.5	17,538.9	18,471.2	13,153.5
9	Savings Accounts	1,021.3	(625.3)	3,978.5	1,098.9	283.2	2,499.5
10	Special Savings Accounts	31,375.5	14,240.8	61,098.8	150,836.0	(53,463.7)	72,181.5
11	Mahana Amdani Accounts	(195.7)	(77.9)	(90.5)	(78.9)	(72.5)	(53.3)
12	Prize Bonds	38,556.7	41,083.4	56,324.2	56,175.4	57,058.4	49,849.3
13	National Savings Bonds	3,625.2	-	-	(3,425.6)	-	(62.6)
14	Short Term Saving Certificates	-	-	-	3,969.7	(2,628.9)	288.1
	Grand Total	**225,714.5**	**234,944.1**	**188,355.6**	**386,075.9**	**206,982.4**	**268,970.1**

Source : Central Directorate of National Savings
Figures in Parenthesis represent negative growth
R : Registered, B : Bearer, - : Not available

Conclusion

The performance of stock markets presented an up and down cyclical variations during the current fiscal year. On negative side, various factors such as instability on political front on account of sit-ins during first quarter, delays in privatization process on account of these sit-ins, rumours regarding SECP's inquiry against some of the brokers for alleged inside trading, etc affected the market sentiments downward. On positive side, constant improvement in macroeconomic variables, successful reviews with the IMF, rating improvement and other international agencies positive assessment regarding economy, easing of monetary policy by the central bank, etc. drived the market upward especially during 2nd quarter and start of third quarter of current fiscal year. In overall terms KSE remain bullish and KSE-100 index increased by 13.8 percent during Jul-Apr 2013-14. During this period SECP, 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. On the other hand Privatization Commission successfully undertaken the process of divestment of some government holdings in HBL, ABL, PPL, etc. through capital market transactions