

Member's Profile

Organization Name: Central Depository Company of Pakistan Limited (CDC)

Country/ Region: Pakistan

Name of CEO: Mr. Muhammad Hanif

Capital (US\$): PKR 650,000,000 (65,000,000 Ordinary Shares of Rs.10 each)
(\$6.500 Million)

Number of Officers and Employees:
Total Number of Permanent Employees: 378

Ownership and Governance * (Main Shareholders)

- Stock Exchanges: 52.55%
- Banks/DFIs/NBFIs: 34.2%
- Foreign Institutions: 10.00%
- Others: 3.25%

Total: 100%

Brief History

Incorporated as a public limited company (Unlisted) in 1993, CDCPL is the only depository in Pakistan having its branches in Karachi, Lahore and Islamabad. The Company started operations in September 1997. CDCPL is the sole entity handling the electronic (paperless) settlement of transactions carried out at all three stock exchanges of the country. Through efficient functioning of CDC, almost all market trades are settled in book entry form.

CDCPL was primarily established to operate the Central Depository System (CDS) for equity, debt and other financial instruments that are traded in the Pakistani Capital Market. However, with the passage of time and development of Pakistan's Capital Market it now also provides services that are beyond the traditional depository services. CDS is an electronic book entry system to record and transfer securities and the custody of securities is segregated for each beneficial owner. The system changes the ownership of securities without any physical movement or endorsement of certificates and execution of transfer instruments.

CDCPL provides depository services to a wide range of Capital Market Participants which include Brokers, Asset Management Companies, Banks (including custodian Banks) and general retail investors. It also serves to link up the Issuers and Registrars of securities and the market for the purpose of executing corporate actions like disbursement of corporate benefits and carrying out mergers and splits.

Core Services provided:

1. Deposit of securities
2. Custody of securities
3. Transfer of securities
4. Pledging of securities
5. Withdrawal of securities
6. Corporate Action

- Bonus
- Merger / De- Merger
- Split / Consolidation
- Rights

7. Initial Public Offerings

Diversification in Services Portfolio**Investor Account Services (IAS)**

Investor Account Services allows retail investors to directly open and maintain accounts in the Central Depository System (CDS) for safe custody and electronic settlement of securities. Investor account, like sub account, is an electronic account in which investors can keep their book entry securities. With IAS, investors can also have direct access to their account. Investor Accounts are under complete control of CDCPL and are operated either directly by the Investor Account Holders through on line mechanism named Direct Settlement Service (DSS) or on written instructions of the Investor Account Holders.

This service was started with a view to provide additional safety and security to the investors as the accounts are directly maintained by CDCPL. Therefore, investors have direct and complete control over their book-entry securities and are also able to avail the variety of services that include book entry transfers, pledging of securities and access to account information through IVR, Web, and SMS.

In addition to this investors can also maintain custody of government securities like Market Treasury Bills, Pakistan Investment Bonds and Government Ijara Sukuk by opening Investor Portfolio Securities (IPS) Account with CDC.

Trustee and Custodial Services (T&C)

CDCPL started Trustee and Custodial Services for the Mutual Fund Industry in 2002. Currently it has become the largest and most preferred and reliable Trustee & Custodial service provider in both public and private sector, boasting a clientele of the country's leading Asset Management Companies and acquiring approximately 94% of market share in the entire industry.

The main operations of the Trustee and Custodial Services involve safekeeping of assets, settlement of cash and securities transactions made by fund managers, issuance & redemption of units and to ensure compliance of constitutional documents and relevant laws.

Further, CDC is also providing Custodial Services with respect to Discretionary Portfolio of High Net worth Individuals and Corporates being managed by the Investment Advisors.

Share Registrar Services (SRS)

CDCPL launched Shares Registrar Services to the issuers of ordinary / preference shares, debt instruments, and closed-end mutual funds whereby CDCPL provides the facility of maintaining computerized Members' Register / Certificate holders' Register, processing of transfer of securities and handling of corporate actions activities such as cash dividends, bonus and rights issues etc.

IT Services through ITMinds Limited

ITMinds Limited is a fully owned subsidiary of Central Depository Company of Pakistan Limited dealing primarily in the implementation of Microsoft products, IBM (Tivoli), Java/.Net based software development and IT Advisory services.

It provides services in following technologies:

a) Microsoft System Center	b) Microsoft SharePoint
c) Microsoft Exchange	d) Microsoft Active Directory
e) Microsoft Lync	f) Microsoft Virtualization
g) Microsoft SQL Server	h) Microsoft Forefront
i) IBM Tivoli (part of IBM Cloud & Smarter Infrastructure Solutions)	j) IBM Security QRadar SIEM
k) IBM Info Sphere Guardium	l) Oracle Database
m) Oracle Web Logic Server	n) DS3 Authentication Server (part of Gemaltos eBanking Solutions)

Its implementation teams have got rich exposure of implementing these technologies in Middle East (Jordan, Qatar, UAE & Lebanon), Africa (Ethiopia & Ghana) and Pakistan in mission critical environments covering governments, banks, telecommunication companies, manufacturing and port agency.

Besides these it also has excellent product/services portfolio catering to:

- o) Stock Exchange Trading, Clearing, Settlement, Broker Front and Back Office
- p) Share Registrar
- q) Custody Management
- r) Mutual Fund (Equity, Money Market, Pension, Real State) Management
- s) Insurance Registers
- t) Customized Software Development in Java, .Net and Mobile Apps
- u) ISO 27001, BS25999 Consultancy and Implementation

CISSII

Centralized Information Sharing Solution for Insurance Industry (CISSII) is an important project for the Insurance Industry considering that through this they can achieve greater efficiencies and transparency in the Industry, it is important that vital industry data should be made available on real time basis by all the Elements of the Insurance Industry.

The first phase of CISSII covers the sharing of information only among the Insurance companies hence is a simple narrative we can say that "it would be Centralized database where Insurance companies would be uploading data and at the same time obtaining data for their use, uploaded by some other insurance company."

However, ultimately in the second phase of the CISSII we foresee the establishment of a comprehensive Insurance Repository in Pakistan, where insurance policies can be stored in dematerialized form. The first phase of the CISSII would also serve as the foundation for the second phase and the efforts we would be putting during this phase would help us in the second phase.

Other Developments

Automated Mechanism of Securities Transfer in CDS:

A mechanism has been developed facilitates straight-through-processing in the settlement of securities mechanism. The mechanism called "Automated Transfer of Securities" was successfully implemented in the month of December 2010. The mechanism has brought increased efficiency and transparency in the transfer mechanism of securities by eliminating the role of Main / Transitory Account to a large extent. The securities are now directly transferred to the target depository custody account based on the Unique Identification Number (UIN) of the investors.

eStatement and eAlert facilities for CDS Account Holder:

These services have been added under the umbrella of CDC Access by opting for e-Statements CDS Account Holders can receive their Account Balance Statements on their registered email address, while through eAlerts, they can receive real time transaction alerts in their email inbox.

Types and number of Participants:

- | | |
|---------------------|-----|
| ▪ *Account Holders: | 206 |
| ▪ *Participants: | 329 |
| *Total: | 535 |

*as of May 31, 2014

Regulatory Environment:

Regulated by the Securities & Exchange Commission of Pakistan

A for profit organization established under the Companies Ordinance, 1984 and licensed under the Central Depository Companies (Establishment and Regulations) Rules 1996.

Book entry settlement is governed under the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations

Stock Exchanges:

There are three Stock Exchanges in Pakistan, namely:

- Karachi Stock Exchange Limited
- Lahore Stock Exchange Limited
- Islamabad Stock Exchanges Limited

Other CSDs or clearing organization in your country:

- CDC is the only depository in Pakistan
- Clearing Organization - National Clearing Company of Pakistan Limited (NCCPL)

Eligible Securities:

- Ordinary Shares
- Preference Shares
- Debt Instruments (TFC's, Sukuk's, Bonds, Government Securities, Commercial Papers)
- Units of Open End Mutual Funds
- Certificates of close-end mutual fund
- Modaraba Certificates

Corporate Action services provided? Yes/No Yes
(If yes, what kinds of services provided?)

Provision of Beneficial Owners Report to the Issuers / R/TAs for processing of corporate action

Further, the following types of corporate actions are handled electronically through the system:

- Bonus
- New Issue
- Unpaid Rights (LoR)
- Right Issue
- Merger / De-Merger
- Spilt / Consolidation
- Further Issue / Offer for Sale
- Partial Cancellation / Conversion
- Dividend in Specie

Value of Securities in Custody (US\$): PKR 3,886.69 Billion equivalent to US \$ 38.866 Billion

Amount of Cash Settled per annum (US\$): N/A

Percentage of Securities Immobilized/ Dematerialized:

- *72.62% Immobilized (including Government of Pakistan holding)
- *85.90% Immobilized (excluding Government of Pakistan holding)

*as of May 31, 2014

Market Capitalization/ Trading volume per annum (US\$):

- Total Market Capitalization PKR 7,042.82 Billion equivalent to US \$ 70.42 Billion

Total Revenue/ Expense and Net income Per annum (US\$)*:

- Total Revenue / Income: PKR 1,059.216 Million (\$10.592 Million)
- Total Expense – before tax: PKR 691.870 Million (\$6.9187 Million)
- Net Income – before tax: PKR 367.346 Million (\$3.673 Million)

*as of June 30, 2013 with US \$ rate 100

Memorandum of Understanding/ Business Agreement**Memorandums of Understanding (MoUs)**

To avail benefits of cross-border cooperation, explore avenues of mutual assistance and enhance coordination with international depositories, CDC has signed a number of Memorandums of Understanding (MoUs) with regional and international depositories. These include:

1. Korean Securities Depository (KSD)
2. Japan Security Depository Centre (JASDEC)
3. Depository Trust & Clearing Corporation (DTCC), U.S.A.
4. Thailand Securities Depository (TSD)
5. Abu Dhabi Securities Market (ADSM)
6. Dubai Financial Market (DFM)
7. Taiwan Depository & Clearing Corporation (TDCC)
8. China's Securities Depository & Clearing Corporation (SD&C)
9. Indonesia Clearing & Guarantee Corporation (KPEI)
10. Central Securities Depository of Iran

These MoUs entail cooperation in the areas of technology exchange, operational procedures, mechanism for cross-border listing of securities and exchange of information.

Business Agreements – BA

- International Business Machinery - IBM
- Microsoft

International Affiliations

CDCPL is an active member of the following regional and international bodies / entities:

ACG Asia-Pacific Central Securities Depositories Group
 ANNA Association of National Numbering Agencies
 ISSA International Securities Services Association
 SAFE South Asian Federations of Exchanges – Associate Member
 WFC World Forum of CSDs

Cross-Broader Transaction (Counterpart) N/A

Withholding Tax Treatment of Cross-Border Trading Transactions (Details) N/A

DVP Implementation (Yes/No) Yes, implemented by NCCPL

Settlement Period: T+2

Contact Information:

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Remarks

PKR has been converted @ US \$ 1 = PKR 100