

Company Profile

Organization Name:	Central Depository Company of Pakistan Limited (CDCPL)
Country/ Region:	Pakistan
Name of CEO:	Mr. Aftab Ahmed Diwan, CEO
Capital (US\$):	US\$ 8,555,645 [PKR 1,060,900,000 (106,090,000 Ordinary Shares of Rs.10 each)]
Number of Officers and Employees:	Total Number of Permanent Employees: 452
Ownership and Governance (Main Shareholders)	Securities Exchange 39.81%
	Banks/DFIs/NBFIs: 54.85%
	Other: <u>5.35%</u>
	Total: <u>100%</u>

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
7. Initial Public Offerings

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

Investor Account Services (IAS) allows retail investors to directly open and maintain accounts with CDC in Central Depository System for secure and safe custody of securities. Investors have direct access to their securities through Investor Account, which are maintained by CDC and operated on the instructions of investors. Investor Accounts are safe and secure as they are directly maintained by CDC. Investor Accounts are operated only on written instructions of investor(s). Therefore, investors have direct and complete control over their book-entry securities. Multiple Value Added Services are available round the clock for viewing Account & Cash Balance, Account & Cash Activities through dedicated web portal, Interactive Voice Response (IVR), SMS, eStatement & eAlerts.

Trustee and Custodial Services (T&C)

In the early 2000s, the Mutual Fund industry started flourishing in the Pakistan Capital Market and provided a new concept and investment arena to retail and individual investors who possess inadequate knowledge of the capital market but are interested in utilizing its benefits. CDC recognizing the potential of this industry sector, launched Trustee & Custodial Services in 2002.

The Company, through its proactive approach and high standards of service, has become the market leader.

Share Registrar Services (SRS)

Also known as Transfer Agent or R/TA services, CDC Share Registrar Services (SRS) facilitates Share Issuing organizations and their shareholders. CDC – SRS offers a composite portfolio of maintenance, registration, verification and direct customer dealing & interaction. CDC has developed a high-tech Share Accounting System with an exclusive Authority & Security Management System and workflow components to guarantee efficient services. CDC has taken a competitive lead in the market for SRS by providing a one-window solution to shareholders, backed by a country-wide branch network and state-of-the-art IT infrastructure. Also, independent Legal and Internal Audit departments ensure statutory and regulatory compliances. Additionally, the feature that gives CDC a real edge is its Business Continuity Plan (BCP) supported by backup sites and disaster recovery capabilities to ensure integrity of information and recovery of the service immediately in case of any disaster.

IT Services through ITMinds Limited

ITMinds Limited - A wholly owned subsidiary of the Central Depository Company of Pakistan Limited (CDC) was founded in 2009 as the technology arm of CDC, specializing in providing innovative technology solutions to clients ranging from leading enterprises in the financial sector both locally and internationally to governments and trade associations. As part of the CDC's diversified portfolio of service offerings and a strong financial backbone, ITMinds started providing Business Process Outsourcing services (BPO) in 2013 and today prides itself as the only company providing BPO services to the mutual funds industry of Pakistan.

CISSII

In order to achieve greater efficiencies and transparency in the Insurance Industry, it was important that more automation should be achieved and vital industry data should be made available on real time basis to all the stakeholders of the Insurance Industry including the Regulator. This automation and sharing of information was achieved through the Centralized Information Sharing Solution for Insurance Industry which provides a centralized database hosted by a neutral and independent institution, such as CDC, and which has a track record of managing secured and huge databases with state of the art infrastructure having built-in information security features.

eServices

eServices was launched in 2017, it is a customer convenience initiative by CDC, in the form of a web portal offering the following free-of-cost facilities:

Centralized eIPO System: Applications for subscription of shares offered to general public can be made electronically and payments can be made by Internet/Mobile banking, ATMs etc., avoiding the hassle of physical submission of IPO application and visiting the bank.

eDividend Repository: Provides investors consolidated data of all their cash benefits due and credited by issuers, and in case their dividends have not been credited, the reason for non-disbursement of dividend will also be available.

Types and number of Participants:

Participants	383
Account Holders	<u>248</u>
Total:	<u>631</u>

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:

Pakistan Stock Exchange

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 5266.28 Billion equivalent to US \$42.47 Billion

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

Percentage of Securities Immobilized/ Dematerialized:

- 75.63% Immobilized (including Government of Pakistan holding)
- 85.27% Immobilized (excluding Government of Pakistan holding)

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

Total Market Capitalization PKR 8665.05 Billion equivalent to US \$69.87 (In Billion)

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

- Total Revenue / Income: PKR Million 2,126.063 (\$17.14 Million)
- Total Expense – before tax: PKR Million 1,124.450 (\$9.06 Million)
- Net Income – before tax: PKR Million 1,001.613 (\$8.07 Million)

As of June 30, 2018.

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 the following prestigious depositories:

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

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 N/A

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
- 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 Person: Mr. Abdul Samad

Designation: Chief Operating Officer

Tel: 111-111-500 Ext: 3102

Email: abdul_samad@cdcpak.com

Fax: (92-21) 34326033

Mr. Abdul Basit Kothari

Designation: Senior Manager, Operations & CSS

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Fax: (92-21) 34326036

Remarks

PKR has been converted @ US \$ 1 = PKR 124 as of June 30, 2018