



**PAKISTAN
STOCK EXCHANGE**

About PSX

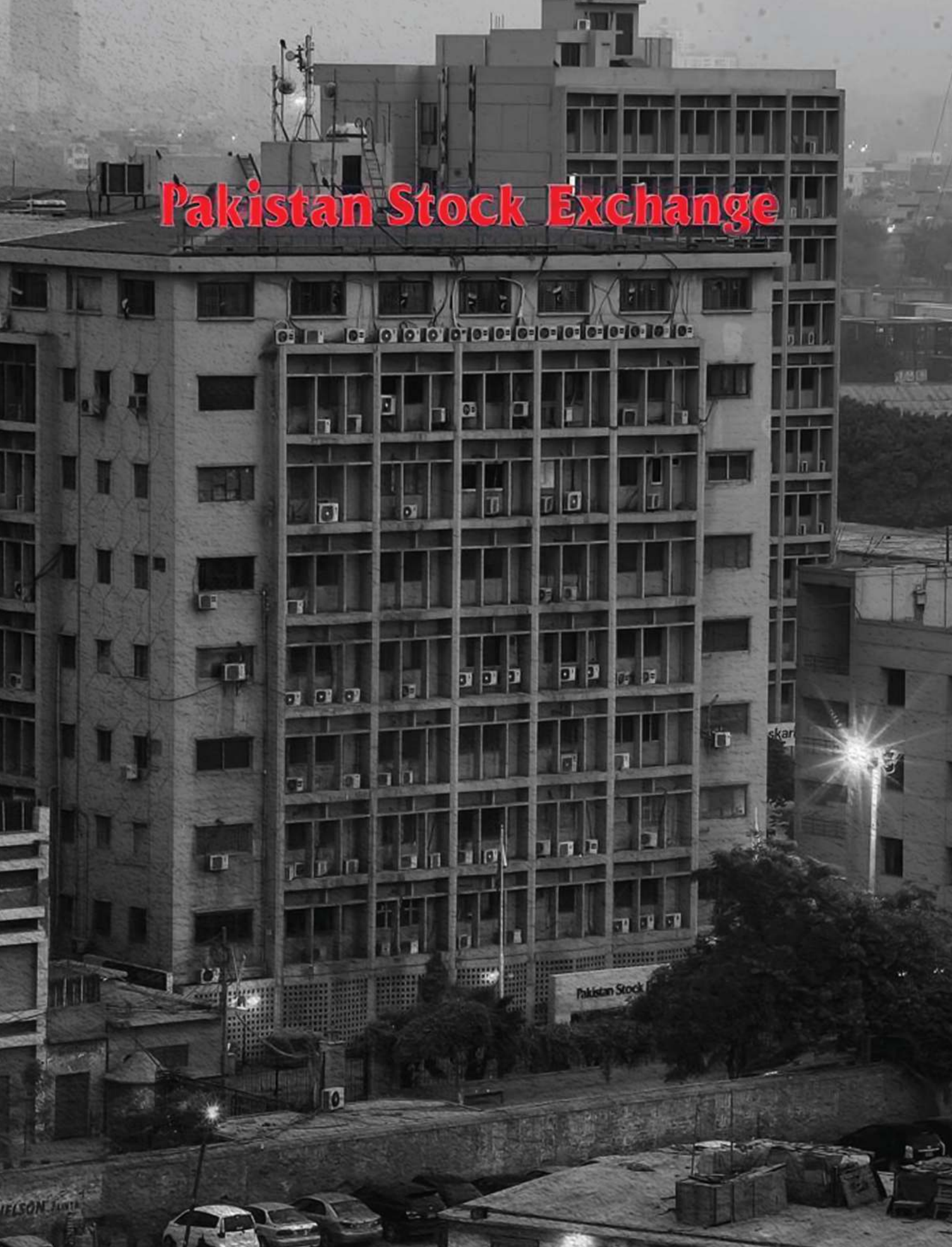
Pakistan Stock Exchange Limited (PSX) was incorporated in the year 1949 under the name Karachi Stock Exchange (Guarantee) Limited, as a company limited by Guarantee without having share capital.

In the year 2012, in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the Exchange was corporatized, i.e. it was converted into a 'public company limited by shares' and, accordingly, its name was changed to Karachi Stock Exchange Limited (KSE). With the corporatization, the ownership rights in the Exchange were segregated from trading rights.

In the year 2015-16, the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange were integrated to form a single national entity, Pakistan Stock Exchange Limited.

Pakistan Stock Exchange has now progressed as an Exchange that provides best in-class services and offerings to all our stakeholders, investors, issuers and market participants.

Pakistan Stock Exchange



PSX FY 2024 at a Glance

FY 2024 has been a great year for stock market investors, with the restoration in economic confidence on account of GOP's successful completion of the IMF's 9-month Stand-By Arrangement (SBA) program, reduction in inflationary pressures, improvement in foreign exchange reserves, and curtailment in current account deficit, resulting in moderate economic growth as compared to a contraction in FY 2023.

Pakistan Stock Exchange (PSX) serves as the national bourse and is extensively relied upon by investors to gauge the country's economic strength. The broad market flagship index, KSE 100, experienced a significant bull-run, closing at 78,445, in contrast to 41,453 on June 27, 2023. This surge resulted in a remarkable return of 89.24% in the outgoing fiscal year.

By the end of the financial year, the market capitalization of 524 companies listed on the local bourse was PKR 10.37 Trillion, rebounding to preceding highest level earlier seen in May 2017.

During FY 2024, PSX approved five listing applications and prospectuses / offer for sale document of equity securities namely; Symmetry Group Limited, Secure Logistics Group Limited, TPL REIT Fund – I, International Packaging Films Limited, and Fast Cables Limited. Moreover, six listings took place pursuant to the Scheme of Arrangement, which include B. R. R. Guardian Limited, Treet Battery Limited, Stylers International Limited, LSE Capital Limited, PIA Holding Company Limited - Class - "A" & Class - "B" shares, and LSE Financial Services Limited. These eleven companies were listed on the Main Board having a total paid up capital of PKR 103.30 Billion. Additionally, Mughal Energy Limited was also listed on the GEM Board having a total paid up capital of PKR 1.94 Billion.

PSX closely worked with Ministry of Finance (MoF), Securities and Exchange Commission of Pakistan (SECP) and other SROs to design and implement a highly sophisticated and automated Auction System for the primary market auction of five different GOP Ijarah Sukuk (GIS) instruments, in line with agency agreement executed with MoF. A total of 22 GIS with an issue size of PKR 687.81 Billion were issued. This initiative will certainly help to enhance the participation of retail investors, reinforcing PSX's commitment towards the development of financial markets in the country.

Furthermore, three Privately Placed Debt Securities with a total issue size of PKR 7,558 Million, one Publicly Issued Debt Security with an issue size of PKR 1,000 Million, nine Open End Mutual Funds with a total fund size of PKR 19,600 Million, and two Exchange Traded Funds (ETFs) were also listed in the outgoing fiscal year.

A snapshot of the major capital market indicators is presented hereunder:

	June 30, 2024	June 30, 2023
No. of Listed Companies	524	524
Listed Capital (PKR in Million)	1,706,197	1,627,167
Traded Volume – Ready Mkt + DFC (No. in Million)*	151,427	67,199
Traded Value – Ready Mkt + DFC (PKR in Million)*	5,390,030	2,344,555
Market Capitalization (PKR in Million)	10,374,799	6,369,473
KSE 100 Index	78,444.96	41,452.69
KSE 30 Index	25,282.04	14,636.72

* The figures of Traded Volume and Value are for FY 2024 (July 2023 to June 2024).

PSX Developments and Activities

Key Achievements Organization Wide

As a frontline regulator, Pakistan Stock Exchange (PSX) continues to perform robustly for the development of the capital market in line with global standards and to bring innovative products and services for the benefit of investors, issuers, market participants, and other stakeholders. In FY 2024, PSX continued to make headway in technology, listings, regulatory, and other areas with new offerings, products, and infrastructure brought to the market.

Most importantly, PSX closely worked with Ministry of Finance (MoF), Securities and Exchange Commission of Pakistan (SECP), and other SROs to design and implement the state-of-the-art Primary Market Auction System and secondary market trading platform for five different Shariah-compliant Government Debt Securities (GDS), which include 1-year GOP Discounted Ijarah Sukuk, 3 and 5 Years Fixed Rental Rate GOP Ijarah Sukuk, and 3 and 5 Years Variable Rental Rate GOP Ijarah Sukuk. This is a testament to PSX's commitment to upgrading and enhancing its technological capacity for the development of capital market by introducing new products and platforms. With the launch of trading platform for GDS, PSX has taken a significant step towards enhancing the participation of retail investors by providing a seamless and efficient trading experience.

Additionally, PSX in collaboration with MoF and four Joint Financial Advisors has also developed a new debt instrument, 1-year GOP Discounted Ijarah Sukuk, previously not available in our financial markets, to provide an opportunity to Shariah-compliant investors to diversify their portfolios by investing in a well-structured short-term discounted debt security.

PSX has successfully transitioned to a one-share lot system in the Regular market of equity segment aligning with global market standards. Moreover, PSX has gradually increased the circuit breakers from 7.5 % to 10 % for securities trading in the Regular, Futures, and SIFC markets of equity segment. These initiatives are to improve investor convenience, especially for retail market participants, and streamline stock market transactions.

Furthermore, PSX introduced JS Global Banking Sector Exchange Traded Fund (JSGBETF), which is Pakistan's first ETF launched by a TREC holder, JS Global Capital, as per the SECP's Sandbox Guidelines, 2019. JSGBETF tracks the JS Global Banking Sector Index (JSGBKTI) exclusively designed by PSX for the respective ETF. PSX also introduced a Shariah-compliant ETF, Mahaana Islamic Index Exchange Traded Fund (MIIETF), in collaboration with the first digital AMC of Pakistan, Mahaana Wealth Management, which aims to track the performance of thirty Shariah-compliant stocks in Mahaana Islamic Index (MII30) created by PSX.

During the year, PSX approved eleven listing applications in the equity segment on the Main Board raising an aggregate of PKR 103.30 Billion, out of which five new companies were successfully listed having a total paid-up capital of PKR 34.66 Billion, namely: Symmetry Group Limited, Secure Logistics Group Limited, TPL REIT Fund – I, International Packaging Films Limited, and Fast Cables Limited. Moreover, six listings took place as per the Scheme of Arrangement with a total paid-up capital of PKR 68.64 Billion, which include B. R. R. Guardian Limited, Treet Battery Limited, Stylers International Limited, LSE Capital Limited, PIA Holding Company Limited - Class - "A" & Class - "B" shares, and LSE Financial Services Limited.

In addition, on the innovative GEM Board of PSX, Mughal Energy Limited was listed, raising a total paid-up capital of PKR 1.94 Billion.

On the debt side, a total of PKR 696.36 Billion was raised through public issuance at the Exchange, out of which approximately PKR 687.81 Billion was raised through the primary market auction of twenty-two GOP Ijarah Sukuks at the PSX's platform.

PSX had a great year in terms of trading activity; the bourse witnessed Average Daily Traded Volume (Ready + Futures) of 620.6 Million shares with the Average Daily Traded Value (Ready + Futures) of PKR 22.10 Billion in FY 2024. This is primarily on account of bull-run in the stock market in the outgoing fiscal year i.e., broad market flagship index, KSE 100, delivered a remarkable return of 89.24%. By the end of FY 2024, the market capitalization of 524 companies listed on the PSX was PKR 10.37 Trillion, rebounding to preceding highest level earlier seen in May 2017.

From Market Data Vending segment's perspective, PSX has successfully transitioned multiple international market data clients to Deutsche Borse AG (DBAG), a sole licensor of PSX market data for international clients. PSX has also increased its data outreach by onboarding ten international and four local clients to market data license in the outgoing fiscal year. As a result of these significant developments, the contribution of Market Data Vending segment in the overall revenue of PSX has almost increased threefold.

As a frontline regulator, PSX is also playing its role towards the implementation of Shariah Governance Regulations, 2023. PSX has conducted Shariah sessions and obtained SECP certificate on the Shariah compliance of its Shariah Indices. Furthermore, the Shariah-compliant way of trading is being evaluated at PSX's Focus Group.

PSX is committed towards the promotion of responsible investment in sustainable development and has accordingly issued an Environmental, Social, and Governance (ESG) primer to guide listed companies for improving corporate performance on ESG issues. The respective initiative was acknowledged by Sustainable Stock Exchanges (SSE) Initiative of UN, which included PSX in the list of global exchanges that have issued such guidelines. Furthermore, a collaboration agreement has been executed between PSX and London Stock Exchange Group (LSEG) for reporting ESG-related data on LSEG, which will improve the ESG visibility of local companies globally.

Other notable achievements include prestigious accolade of Best Islamic Stock Exchange Award 2023 by Global Islamic Finance Awards (GIFA) for the third consecutive year, introduction of PSX WhatsApp Service to make the information readily available to capital market customers, and the introduction of new Text-to-Speech feature on PSX's website, specifically tailored for blogs and articles section, to improve accessibility and convenience for users browsing variety of content available on the PSX website.

Product Management & Research

After the implementation of the New Trading & Surveillance System, PSX has been working towards the relaunch of Cash Settled Futures (CSF) along with new features which are in line with the global practices and aligned with demands of the investors. Furthermore, PSX plans to launch the Single Stock Options in the near future as the regulatory framework has already been approved by the Securities and Exchange Commission of Pakistan (SECP).

In the outgoing fiscal year, PSX onboarded and transitioned multiple international and local clients to Market Data license. A good professional relationship was maintained with PSX's partner, Deutsche Borse AG (DBAG), resulting in successful transition of our international clients to DBAG to manage data vendors efficiently. A significant revenue contribution was made by the Market Data Vending segment.

PSX has successfully launched the state-of-the-art Primary Market Auction System and secondary market trading platform for five different Shariah-compliant Government Debt Securities (GDS), which include 1-year GOP Discounted Ijarah Sukuk, 3 and 5 Years Fixed Rental Rate GOP Ijarah Sukuk, and 3 and 5 Years Variable Rental Rate GOP Ijarah Sukuk. The 1-year GOP Discounted Ijarah Sukuk, previously not available in our financial markets, is a new debt instrument developed by PSX in collaboration with MoF and four Joint Financial Advisors, which serves as an alternative of conventional T-bills for Shariah-compliant investors.

PSX introduced two new Exchange Traded Funds (ETFs) and their respective indices. PSX partnered with JS Global Capital, to introduce JS Global Banking Sector Exchange Traded Fund (JSGBETF), which is Pakistan's first ETF launched by a TREC holder as per the SECP's Sandbox Guidelines, 2019. JSGBETF tracks a total-return, equally weighted index, JS Global Banking Sector Index (JSGBKTI), comprising of stocks within the commercial banking sector. Additionally, a Shariah-compliant ETF, Mahaana Islamic Index Exchange Traded Fund (MIETF), was introduced in collaboration with the first digital AMC of Pakistan, Mahaana Wealth Management, which aims to track the performance of Mahaana Islamic Index (MI30), representing top thirty Shariah-compliant companies selected from KMI All share index based on the free float market capitalization, with an average daily value traded of at least PKR 10 Million in last twelve months. PSX is also working with different asset management companies to develop and introduce additional ETFs with unique investment strategies.

Additionally, efforts were made towards implementing the Shariah Governance Regulations, 2023. This included organizing Shariah sessions and obtaining SECP certificate on the Shariah compliance of PSX's Shariah Indices. Furthermore, the Shariah-compliant way of trading is being evaluated at PSX's Focus Group.

PSX is also committed towards the promotion of responsible investment in sustainable development, with the aim of improving corporate performance on Environmental, Social, and Governance (ESG) issues. Accordingly, PSX issued an ESG primer to guide listed companies and other stakeholders regarding ESG risks and opportunities, global ESG practices, and key elements of good ESG / sustainability reports. The respective initiative was acknowledged by Sustainable Stock Exchanges (SSE) Initiative of UN, which included PSX in the list of global exchanges that have issued such guidelines.

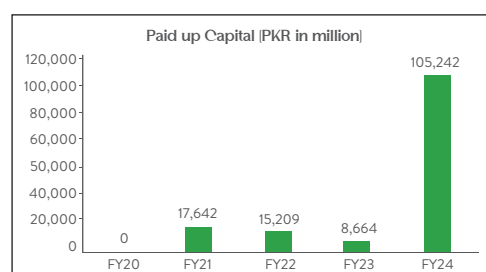
Furthermore, a collaboration agreement has been executed between PSX and London Stock Exchange Group (LSEG) to provide capacity-building and ESG Contribution Tools for listed companies to report ESG-related data on LSEG, which will improve the ESG visibility of local companies globally. In addition, PSX is working closely with SECP for the implementation of the ESG Action Plan.

Listing

Equity Listings

During Financial Year 2023-24, Pakistan Stock Exchange Limited (PSX) successfully listed the following twelve (12) new companies having a total listed capital of PKR 105,242 million, out of which five (5) companies were listed through initial public offering / offer for sale, six (6) companies were listed through court orders / scheme of arrangement and one (1) company was listed on the GEM Board.

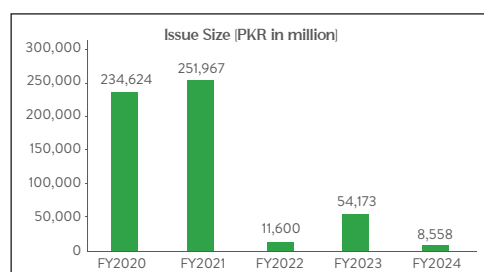
- | | |
|----------------------------------|----------------------------------------------------|
| 1 B. R. R. Guardian Limited | 2 Symmetry Group Limited |
| 3 Treet Battery Limited | 4 Stylers International Limited |
| 5 Secure Logistics Group Limited | 6 TPL REIT Fund – I |
| 7 LSE Capital Limited | 8 PIA Holding Company Limited (Class – “A”) |
| | PIA Holding Company Limited (Class – “B”) |
| 9 LSE Financial Services Limited | 10 International Packaging Films Limited |
| 11 Fast Cables Limited | 12 Mughal Energy Limited (listed on the GEM Board) |



Debt Security Listings

Pakistan Stock Exchange Limited successfully listed the following three (3) Privately Placed Debt Instruments and one (1) Publicly Issued Debt Security during FY 2023-24. The debt securities had a combined issue size of PKR 8,558 million.

- 1 JS Bank Limited (Privately Placed TFC)
- 2 TPL Properties Limited (Privately Placed TFC)
- 3 BankIslami Pakistan Limited – Ehad Sukuk II (Publicly Issued Sukuk)
- 4 Kashf Foundation (Privately Placed TFC)



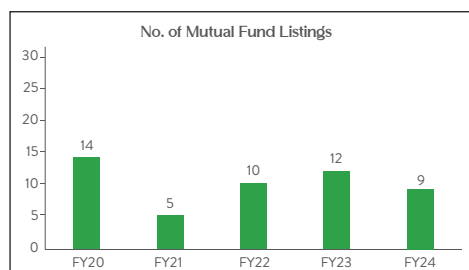
Exchange Traded Funds (ETFs)

The Exchange listed two (2) ETFs, namely JS Global Banking Sector Exchange Traded Fund and Mahaana Islamic Index Exchange Traded Fund during FY 2023-24.

Open-end Mutual Funds

The Exchange successfully listed the following nine (9) Open-end Mutual Funds during FY 2023-24. The funds listed during the year constituted a total fund size of PKR 19,600 million.

- | | |
|----------------------------------------------|-------------------------------------|
| 1 Alhamra Cash Management Optimizer Fund | 2 Alfalah Islamic Money Market Fund |
| 3 JS Islamic Premium Fund | 4 ABL Financial Sector Fund |
| 5 NBP Islamic Government Securities Fund – I | 6 Alhamra Opportunity Fund |
| 7 JS Fixed Term Munafa Fund | 8 ABL Money Market Fund |
| 9 ABL Islamic Money Market Fund | |



Revised IPO Timelines: IPO Application and Time to Market

To simplify and streamline the IPO and listing processes, SECP, on November 08, 2023, notified the revised IPO timelines for immediate adoption by all stakeholders. Pursuant to the revised timelines, the time to market was reduced to 29 working days from the receipt of listing application. Out of 29 workings days, PSX had to review and approve an IPO listing application within 12 working days.

Since the implementation of the revised timelines, PSX approved 3 IPO applications within the specified time-span of 12 working days which is unprecedented.

Listing Guide

In FY 2023-24, PSX prepared and launched a comprehensive guide on listing in line with international best practices. The purpose of the Guide was to consolidate the listing products, requirements pertaining to listing, platforms offered by PSX and benefits of listing in a single comprehensive document which is easy to understand for potential listing aspirants.

Proposal to Increase Market Liquidity and Free Float

PSX prepared a proposal for increase in market liquidity and free float and submitted it to SECP. The said proposal entailed enhancing post issue paid up capital of listed companies that are below the threshold of PKR 200 Million and also maintaining the free float requirements mandatory at all times. The implementation of the said proposal may result in increased trading activity and liquidity in the market.

Amendments to GEM Regulations

In order to attract more listings on the GEM Board, PSX also proposed amendments in the Regulatory Framework such as change in the definition of accredited investors and allowing the general public to participate in the secondary market in the GEM Board listed companies. SECP reviewed the proposal of PSX and advised certain amendments in the GEM Board Regulatory Framework, which are under process.

Top 25 Companies Awards

In recognition of the outstanding performance of the leading listed companies, PSX provides a springboard by holding the Top 25 Companies Awards Ceremony after going through a rigorous process based on stringent criteria. In FY 2023-24, PSX held a grand ceremony after a hiatus of 4 years to celebrate these companies which proved to be an excellent source of promoting PSX as a national institution.

Moreover, PSX has initiated the Automation of Selection Process of Top 25 Companies, from data import to data validation, selection of companies and dissemination of letters to the selected companies. The successful automation of the process would result in added benefits for both PSX and the companies.

Human Resource

Employer Branding & Sourcing:

The HR department continued to extensively work towards placing the Exchange as an Employer of Choice in the market. The reflection of these efforts was replicated when PSX won its very first Global Diversity, Equity & Inclusion Benchmark Award in the category of Work-life Integration, Flexibility & Benefits. This award was a testament to our commitment to UN Women Empower Principles (WEP) for gender equality and women empowerment, where PSX is listed as a signatory and portrays a progressive image of the company.

Furthermore, in the quest for excellence, PSX has always sought out exceptional talent from prestigious universities such as IBA, LUMS, NED and FAST, fortifying the organisation with a remarkable pool of candidates. Additionally, PSX wholeheartedly believes in fostering a culture of collaboration and ideation. Hence, our exceptional high-potential staff was accorded the privilege of engaging in profound and thought-provoking sessions through the esteemed “Partners in Progress”. This was led by the CEO, who served as a channel for the exchange of visionary ideas and insightful perspectives, igniting the spark of innovation and propelling our collective growth towards a brighter future. Also, PSX consistently extended a helping hand to fresh recruits through its Mentorship/Buddy Program. It provided invaluable coaching and guidance during the crucial initial days of each new hire.

The permanent placements of the very first batch of the “Capital Market Future Leaders Program” (CMFLP) were completed in March 2024. This was after a rigorous training of 18 months with rotations within the three key players of the Capital Market i.e. Pakistan Stock Exchange (PSX), Central Depository Company of Pakistan Limited (CDC) and National Clearing Company of Pakistan Limited (NCCPL). This program was a testament to PSX’s commitment to nurturing the next generation, as it not only imparts a comprehensive understanding of the dynamic Capital Market but also paves a definitive path for career growth within Pakistan’s financial realm.

Learning & Development:

Dedicated to nurturing the professional development of our valued employees, PSX kept its focus on organizing a series of comprehensive training programs. These programs were designed to equip our workforce with the latest industry knowledge, skills, and best practices. Covering a diverse range of topics, from technical expertise to leadership and innovation, these training sessions aimed to empower our team members for success in their roles and beyond.

Over the past year, more than 200 nominations were made for operational as well as developmental trainings that included a workshop on ‘Risk-based Internal Auditing’, a seminar on ‘Environmental, Social & Governance (ESG) Reporting’, courses on ‘MS Excel for Advanced Reports & Dashboard Development’ and ‘Data Analytics’; the developmental sessions on ‘Becoming a Transformational Leader’, a Certification Program on Diversity, Equity & Inclusion and an Executive Program on ‘Advancing Women’s Leadership at Board & Top Management’ were few among them.

We implemented a structured learning series like ‘Expanding Horizons’ to benefit employees by enhancing their skills and knowledge. This initiative shows our commitment to employee development and career advancement within the organisation. By providing opportunities for continuous learning and growth, we are not only investing in our employees’ professional development but also nurturing a culture of excellence and innovation. These sessions were led by subject matter experts, and an encouraging response was received from our employees.

The ‘Capital Market Orientation Program’ is also a regular program at the Exchange where HR conducts a three-day orientation program for the new hires. By means of this program, not only core business areas but SECP, CDC and NCCPL also participated and shared their overall working and its linkage with Capital Market growth. Last but not least, by diligently following UNDP’s Sustainable Development Goals, we consistently strived towards sustainable progress and took impactful steps to achieve success.

Workplace Health and Well-being:

In our quest to prioritise emotional well-being and foster healthy living, we nominated our employees for various captivating webinars/sessions. These sessions were based on topics such as “Wellbeing Workout” and “Personal Productivity Program,” which focused on stress, time, sleep, and energy management and further aimed to empower our employees to nurture their emotional well-being.

In a dedicated effort for the well-being of our female workforce, a specialised ‘Breast Cancer Awareness Session’ was organized. It was carefully crafted to address unique aspects of women’s health, particularly focusing on breast cancer awareness, prevention, and adopting healthy lifestyles.

Additionally, in a display of compassion and community spirit, our employees rallied together for a meaningful cause during the Blood Donation Campaign by Indus Hospital. Numerous staff members generously participated and made a significant impact, potentially saving lives and contributing to the well-being of those in need. This successful Blood Donation Campaign not only reflects our organisation's ethos of caring for the community but also serves as a powerful reminder of the impact we can make collectively.

Furthermore, we have the "Sehat Kahani Corporate Application" in place, a free online 24/7 medical service. This tool extended its support not only to our employees but also to their families, including parents, in times of emergency or for routine consultations. By providing accessible and reliable healthcare, we strived to create an environment where our employees can thrive physically and lead fulfilling lives.

Fostering Engagement:

In a strategic move to elevate team dynamics and nurture a culture of collaboration, HR orchestrated invigorating session on "Success through Synergy." This session aimed to instill the importance of cohesive teamwork, emphasizing that the collective efforts of a team often yield greater success than individual pursuits. This session delved into the principles of effective collaboration, communication, and leveraging individual strengths for the entire team's benefit. As the spirit of synergy becomes ingrained in our organisational culture, we anticipate witnessing enhanced team performance and a positive ripple effect on overall productivity and success.

In a bid to promote harmony and amity among our talented workforce, PSX organised an Employee Table Tennis Tournament that proved to be an absolute delight. The tournament, held as part of our ongoing commitment to employee engagement, showcased the incredible sporting expertise and competitive spirit within our organisation. Employees enthusiastically participated, creating an energetic and supportive environment that resonated with the company's vibrant culture. The tournament's climax unfolded at our Annual Employee Dinner, where the winners and runners-up were honoured with well-deserved trophies. This initiative provided a platform for friendly competition and underscored our dedication to adopting a balanced and engaging workplace.

To create a thriving and connected community, PSX introduced the very first edition of the HR's Newsletter. The purpose was to make this newsletter a platform for celebrating our collective success and fostering a sense of unity and camaraderie within our workplace. The edition highlighted various activities, achievements, recognition of the exceptional talents, their accomplishments, and the achieved milestones by PSX's team members. It also provided updates on HR initiatives and internal events which made our workplace vibrant and dynamic.

DEI Initiatives:

Over the past few years, PSX has made significant strides in Diversity, Equity, and Inclusion (DEI) initiatives, positioning itself as a pioneer in fostering a workplace that values equality, flexibility, and the support of diverse life experiences. Central to achieving these goals is PSX's implementation of a robust Diversity and Inclusion policy. This policy not only mandates a minimum gender diversity ratio throughout the fiscal year but also lays the foundation for an inclusive work environment. Complementing this policy is a recruitment strategy that underlines PSX's commitment to being an equal opportunity employer. The positive results of these initiatives are evident in the steady increase of the diversity ratio, rising from 15.7% to an admirable 19.3% in a year.

Acknowledging the changing dynamics of the modern workplace, PSX has proactively introduced a progressive remote working policy. This initiative not only enhances overall workplace flexibility but is specifically tailored to cater to the diverse needs of all employees, with a particular focus on supporting women. Additionally, the introduction of a reimbursement scheme for daycare expenses demonstrates PSX's dedication to facilitating the professional growth of female employees by removing potential obstacles to their active participation in the workforce.

To support the well-being and work-life balance of its employees, PSX has significantly extended its maternity leave policy to 180 calendar days. This extension reflects PSX's deep understanding of the unique needs of new mothers and their families. Moreover, the exchange goes above and beyond by offering an additional three months of work-from-home (WFH) or flexible working hours to new mothers, ensuring a seamless transition into parenthood while maintaining a connection to their professional responsibilities.

In a move that recognizes the important role fathers play in family dynamics, PSX has doubled the duration of paternity leave from 7 to 14 calendar days. This adjustment underscores the exchange's commitment to promote an inclusive workplace that accommodates diverse family structures and provides support during critical family moments.

In conclusion, PSX's holistic approach to DEI initiatives encompasses areas such as recruitment, gender diversity, flexible work arrangements, and family support. These initiatives not only establish the exchange as a beacon of equality but also set a benchmark for other organisations looking to create inclusive and supportive workplaces in Pakistan's dynamic business landscape. PSX's commitment to going above and beyond industry standards, with extended maternity leave and additional flexibility for new parents, showcases its dedication to creating an environment where every employee can flourish both personally and professionally.

Information Technology

Government Debt Securities (GDS) - Primary Market Auction Platform Development & Launch

PSX ITD has successfully developed and rolled-out GDS Primary Market Auction Platform for participants and investors to take part in 1-Year GOP IJARA SUKUK auction through PSX. Newly architecture platform supports number of functional enhancements such as multiple instruments and multiple roles serving both business users as well as investors.

GDS platform has been built in-house to strengthen the operational and support capability of the platform. With several advancements from PSX's Book Building system, GSD platform is expected to enhance the technical & business capabilities of all market participants.

Government Debt Securities (GDS) - Primary Market Auction Platform – Phase II Enhancements

PSX ITD has successfully developed and rolled-out GDS Primary Market Auction Platform for participants and investors to take part in auction through PSX. New architecture platform supports number of functional enhancements such as multiple instruments and multiple roles serving both business users as well as investors.

GDS platform has been built in-house to strengthen the operational and support capability of the platform. With several advancements from PSX's Book Building system, GSD platform has enhanced the technical & business capabilities of all market participants. Following major components of the GDS Auction System were completed

1. Complete functional support for Fixed Rental Rate and Variable Rental Rate instruments in addition to the GIS-Discounted Sukuks.
2. Re-opening of FRR and VRR instruments, automated with requisite calculation.
3. Development of the Yield Calculator and incorporation within the GDS Auction System.
4. Automation of Allocation Process with inclusion of Realized Value and Price Premium.
5. System enhanced with two additional participant categories of Professional Clearing Member and Others and one additional investor category of Non Resident Pakistanis.
6. Inclusion of Price Premium and total Realized Value in the email communication with successful investors.
7. Availability of Successful Bidders Report with details of investor wise data allocation.

Implementation of JS Global ETF (JSGBETF), JS Global Index (JSGBKTI) and Mahaana Islamic Index ETF

The JS Global ETF, the eighth Exchange-Traded Fund (ETF) comprising of a basket of companies traded on PSX like a single stock was launched on September 11, 2023. To support this launch, a number of IT systems were enhanced to accommodate the new ETF and the index that it is tracking.

The JS Global Banking Sector ETF tracks the performance of the JS Global Banking Sector Index as its benchmark which is a total-return, equally weighted index. JSGBKTI will be replicating stock selection criteria of PSX's Banking Tradable Index (BKTI).

Mahaana Islamic Index ETF (MIETF) is the second Islamic Equity ETF which will give Shariah conscious investors ability to invest in top 30 most liquid Shariah compliant companies. The ETF aims to track the performance of Mahaana Islamic Index (MI30) which is designed to measure the performance of top 30 Shariah compliant companies selected from KMI All share index constituents based on the free float market capitalisation, having at least average daily value traded of PKR 10 million in last 12 months.

This was enabled through definition of new symbols in the trading system as tradeable securities. A number of IT systems including the PSX Corporate website, the PSX Data Portal, internal MIS applications and Reporting platforms were subjected to changes to allow the dissemination of trading information for the new ETFs and its associated index. The Quotation System that produces the Daily Quotation Report also underwent a change to make visible the trading information of the new ETFs and the performance of the related index. The index is reflected in the Trading System and any trades performed in the underlying symbols of this index should have an impact in the Indices window of the Trading interfaces.

All impacted systems were enhanced in a timely manner to ensure that the product launch adhered to the projected business plan.

e-IPOs of Symmetry Group Limited, Fast Cables Ltd, Secure Logistics Group Limited, TPL REIT Fund I, BankIslami Ehad Sukuk II & International Packaging Films Limited

Four companies, a fund and a sukuk ceremoniously entered the Pakistan Stock Exchange through a successful e-IPO powered by the PSX e-IPO System (PES) and were listed for trading during FY 23-24.

The IPOs were in the wake of productive price discovery exercise through the standard book building process that PSX enables for potential listed companies through its well established Book Building System.

PSX IT team worked closely with the book runner and conducted system familiarization sessions for them prior to commencement of the book building. The IT team also worked in close collaboration with 1Link that provide the framework for automated payments by investors during the IPOs. Full IT support was also extended to the Listing team ensuring timely reporting of the transactions and uninterrupted availability of the systems throughout the book building and subscription activities.

Disaster Recovery (DR) Drill

PSX ITD conducted a successful DR drill for the failover activity that helped validate the RTO and RPO and application ensuring smooth backup and recovery of PSX's core systems and services. Both PSX's internal business users and market participants including TRECHs, NCCPL, EClear and CDC have participated in the drill. PSX ITD also reviewed DR Runbook of the complete DR drill as SOP for reference in the event of disaster recovery. The Runbook charts out a well-defined DR drill process and acts as a clear-cut guide for triggering the failover process during an actual disaster.

Cold DR Site in Islamabad

PSX ITD initiated first phase of setting up Cold DR in Islamabad Office. Scope included replicating critical data to the Cold DR site to be available for recovery in case of city-wide disaster at primary site in Karachi. Cold DR site will host data and information required to recover core systems & services such as Trading and Surveillance, in an event where PSX will not be able to provide services from its Head Office in Karachi. Team deputed in Islamabad, will be able to provide necessary assistance to both business teams as well as third party vendors, during recovery operations.

TRECHs and Vendors Awareness Sessions

PSX ITD conducted several awareness sessions for the TRECHs as well as back-office and OMS vendors.

Business Continuity and Disaster Recovery sessions were conducted to bring awareness on best practices to ensure TRECHs business continuity in an event of disaster without any interruption. Several scenarios were discussed in interactive sessions where minimum requirements were discussed with TRECHs.

A session on Master FIX was also conducted to highlight the benefits of a centralized FIX connection which provides consolidated activities records to the TRECHs on single OMS. Master FIX allows routing of all the trading activities performed by multiple traders & investors of a single house to a single OMS, allowing central monitoring and reporting.

After the launch of primary GDS auction system, a session was held by ITD to guide OMS and back-office vendors sharing guidelines on development of GDS trading in secondary market through OMSs developed by vendors.

Telephony & Recording System Upgrade

PSX ITD successfully upgraded outdated legacy telephony system. PSX Telephony System (PABX) was procured in 2015. Due to end of support from Avaya, and complexities with maintaining outdated system without principal support, PSX ITD acquired Avaya IP Office solution. Unlike its predecessor, the new solution is software-based, eliminating the need to maintain hardware components. Avaya is a global leader in communication systems, applications and services. AVAYA products and solutions are preferred and pioneered financial sector worldwide.

Avaya IP Office delivers a full-featured unified communications platform implemented and managed on PSX premises, improving both customer and employee interactions and experiences. New PABX Supports advanced features like centralized web-based administration.

Marketing & Business Development

The Marketing & Business Development (MBD) Team continued its efforts with added momentum to build business for the Stock Exchange through educating investors and potential issuers, increasing digital outreach, and propagating a positive image of the Stock Exchange. Events were held, digital marketing efforts were enhanced, press releases issued, interviews conducted, business development activities augmented, and webinars on Sustainability & ESG were convened to promote the presence of the Stock Exchange throughout the year as a viable source of raising capital and building wealth.

Business Development:

The Business Development team made significant efforts to support building issuer pipeline. Specifically, efforts were made to reach out to potential issuers and SMEs for listing on Main Board and GEM Board of the Exchange. More than 200 companies were approached for listing on Main Board and more than 100 companies were reached out to for listing on GEM Board. Meetings were held with companies such as Bismillah Rice Pvt. Limited, Wavetech Pvt. Limited, and Khaadi Corporation, among others, for listing on Main Board.

Meetings were held with various Chambers of Commerce & Industry to promote capital formation through the Stock Exchange. PSX collaborated with various Chambers such as Lahore Chamber of Commerce & Industry, Federation of Pakistan Chambers of Commerce & Industry, Pak China Chamber of Commerce & Industry, and Women Chamber of Commerce & Industry, Lahore. As many as 22 Industry Awareness Sessions were held throughout the country to create and promote awareness for listing on the Exchange.

Furthermore, various meetings were organized with companies and SMEs to promote the GEM Board. Four Microfinance Banks were approached and five unlisted companies were tapped for listing. A Video Case Study of Engro Corporation Limited was prepared and communicated to promote the Stock Exchange as a viable option for raising capital. Video Case Studies of other companies, prepared earlier, such as those of Interloop Limited and Systems Limited were also continuously promoted to highlight the benefits of listing to other industry entities, enterprises and companies.

Investor Education & Awareness:

The Marketing team made all out efforts to enhance and augment investor awareness and education amongst the general public. As part of its Financial Literacy Initiative, the Marketing team disseminated awareness about the capital market ecosystem, functions of the stock exchange, and the role played by the stock exchange in capital formation. Moreover, the participants of the in-person and online sessions were guided on how to select a securities broker, how to open an account, pros and cons of various investment options available at PSX, and investor protection, among other topics. 162 investor awareness sessions were held throughout the country. 13 webinars were held on investor awareness and education.

The Stock Markets Basics Course was also held twice in the outgoing year under review. The course was attended by 964 participants who took significant interest in the presentations and briefings given in the course.

The 'Knowledge Center' available at the PSX website is an important resource for investor education and awareness. The PSX Knowledge Center has more than 8800 registered users currently; up from 2080 users in the last fiscal year. Furthermore, the PSX Glossary, accessible through the PSX website, which is a veritable repository of concepts, meanings and definitions related to the financial markets, has also been enhanced in the current period under review. It has now been expanded to 600 words and definitions.

The 'My Portfolio' web-based application that is part of the Financial Literacy effort whereby users learn the ropes of investing by investing in the stock market in real time using virtual cash, has been highly successful in generating interest from the general public. Since its launch, it has seen traffic of 91,544 hits and has more than 31,500 registered users in the current period under review, up from 16,000 users in the corresponding period last year. Moreover, a competition for general public including students, housewives and others was held on the My Portfolio web-app in July 2023. This competition, the 'PSX Virtual Trading & Investment Portfolio Contest' was an innovative competition spanning 14 weeks and was open to 1000 participants. The winners of the competition were presented with prizes to showcase this competition and attract investors for future competitions as well.

A useful service of Text-to-Speech feature for articles and blogs on PSX website was introduced to facilitate the visually impaired and those with reading disabilities to be able to listen to the articles and blogs through the audio feature now available. This aligns well with PSX's commitment to ESG and its D&I component. Since its launch in June 2024, this facility has been used by 3,667 visitors.

Brand Communication & Events:

The PSX brand was promoted and efforts were made for increased visibility of PSX on local and international stage. Simultaneously, efforts were made to strengthen brand equity and to present in a positive way throughout the year.

The Annual Report FY 2023 was published with the innovative theme of 'Time'. The annual calendar for 2024 also incorporated new design and concept. The bi-annual PSX Newsletter, 'At Pakistan Stock Market', was also created and uploaded on the PSX website in the current period under review.

A flagship event, the IPO Summit 2024 was held in January 2024 with the theme of 'Empowering the Capital Markets'. The aim of the Summit was to emphasize on the importance of IPO as an engine for the capital markets and a crucial instrument for raising capital, fuel growth and contribute to the overall strength of the economy. Key stakeholders involved in the IPO process including executives from companies, investment bankers, venture capitalists, legal advisors, and regulatory experts participated in the event. The summit provided a platform for networking, knowledge sharing, briefings, presentations, keynote speeches, and discussions around various aspects of the IPO process.

The PSX Top 25 Companies Awards ceremony was held in December 2023 which was a resounding success. The Caretaker Prime Minister of Pakistan was the Chief Guest at the grand ceremony whereas other senior government functionaries including the Governor of Sindh and the Chief Minister of Sindh also graced the occasion with their presence. Other guests included senior business leaders, diplomats and dignitaries. The awards were distributed to the winning companies for the year 2022. The PSX Top 25 Companies Awards ceremony presents a unique opportunity to various companies of our business, industrial and corporate landscape to showcase their image which is viewed widely by both local and foreign visitors, apart from the media attention that this event attracts.

The World Investor Week (WIW) was held in October 2023 under the aegis of the World Federation of Exchanges (WFE) to promote financial literacy and awareness amongst the general public. The WIW consisted of week-long activities such as workshops, webinars and other financial literacy events to foster investor awareness and education amongst the general public including students with particular focus on women for their financial growth and awareness.

International Women's Day was also celebrated by PSX whereby women leaders, entrepreneurs, and others from different walks of life participated in the event. This event held along with numerous other exchanges all over the world highlighted PSX's advocacy for gender equality and inclusivity.

Gong ceremonies were held to mark numerous events such as new listings on the Main and GEM Boards of PSX including those of Symmetry Group Limited, JS Global Banking Sector ETF, International Packaging Films Limited, and Mughal Energy Limited (GEM Board). These ceremonies highlight the importance of such events & activities to the general public and encourage unlisted companies to list. Gong ceremonies were held on the visit to PSX of the Federal Finance Minister and that of the Canadian High Commissioner to Pakistan in the outgoing financial year. A landmark event was the gong ceremony to mark the launch the first GoP Ijarah Sukuk auction held at PSX in December 2023. The Caretaker Prime Minister of Pakistan graced the occasion with his presence and struck the gong at the event.

The Sahulat Account marketing campaign was launched in the fiscal year FY2023-24. This campaign included encouraging brokers and emphasizing upon them to facilitate investors in opening Sahulat Accounts. This involved providing awareness to brokerage houses to promote the Sahulat Account to their (potential) customers.

In September 2023, PSX won the 'Best Islamic Stock Exchange Award' presented by Global Islamic Finance Awards (GIFA) for the third consecutive year. This award showcases PSX as an outstanding platform providing excellent Islamic financial products, offerings and regulatory enhancements.

Public Relations & Media:

Pakistan Stock Exchange and its developments, activities and events were presented positively through 26 press releases published in print and electronic media throughout the year. More than 300 media appearances were leveraged to disseminate these media releases. To promote awareness about the capital market, investments, and offerings by the Stock Exchange, 11 articles and blogs were published in print media and uploaded in electronic media. To promote the capital market and to highlight its products or other activities, 20 interviews of PSX spokesperson(s) were published, streamed or aired across different media platforms.

Digital Marketing:

Digital media was leveraged to promote investor education, awareness, the capital market and the PSX brand. Social media activities continued throughout the year which included more than 20 videos, 10 infographics and 13 webinars to explain investment concepts and market trends. Along with other social media accounts of PSX such as Facebook, Instagram, Twitter (X), and You Tube, a PSX account has also been created on Tik Tok. The number of followers of these social media accounts have increased substantially with an overall increase of 100% followers in the current period under review as compared to the previous fiscal year.

The PSX WhatsApp Service which is an exciting development leveraging technology has been introduced in the current period under review. It is a useful facility offered to the general public whereby investors, issuers, media and general public can access information on market movement with daily market reports and summaries available; they can also access information on the Investing 101 course offered by PSX and for investor education sessions. Through this service, issuers can learn about Main Board & GEM Board for raising capital and listing their company. This PSX WhatsApp Service was frequented by more than 3,950 users since its launch in November 2023.

The PSX website attracted continuous flow of visitors in FY24. The number of visitors to the PSX website & Data Portal rose from 3.3 million in FY23 to 3.5 million in FY24.

ESG:

Environmental, Social and Governance concerns have great significance now in the financial world. Sustainable finance and responsible investment have taken the front seat in financial markets worldwide. Pakistan Stock Exchange, as a frontline regulator, is striving to play its due role in encouraging listed companies to report on ESG.

A Primer on ESG for listed companies has been reported and shared in FY2023-24. The PSX Primer enables listed companies to understand ESG opportunities and risks and educates stakeholders on the usage of ESG data while providing guidance to listed companies on producing a Sustainability Report. The ESG Primer was rolled out through social media and by placing a notice for the introductory session on PSX's website. The ESG Primer introductory session for listed companies was held on April 16, 2024.

PSX signed a collaborative understanding with (London Stock Exchange Group's) Refinitiv on ESG in FY24. Under this mutual agreement, Refinitiv's ESG Contribution Tool will be available to the listed companies for their ESG data reporting. PSX & Refinitiv jointly launched an ESG Contribution Tool on 18th April 2024 in an online session to the listed companies in Pakistan.

Overall, 11 webinars have been held till-date with five webinars held in FY24 on ESG, bringing together professionals who explained the concept of ESG taking into consideration the different dynamics at play in the corporate world, the environment and society. These webinars included two sessions held in collaboration with Unilever Pakistan and one in collaboration with Lucky Core Industries.

CSR & Sustainability Update:

In CSR Activities, PSX contributed to the Patients' Behbud Society for AKUH (Aga Khan University Hospital). PSX also supported treatment and care of patients at the Bait Ul Sukoon Cancer Hospital & Hospice. Requisite funds were provided by PSX to the cancer hospital for the purpose of treatment of cancer for needy patients. Furthermore, in healthcare as well, PSX supported Indus Hospital & Health Network for their Family Medicine Clinic whereby substantial funds were provided to aid patient treatment at the Family Medicine Clinic. Where healthcare of mother and child is important, PSX also provided support in the form of financial aid to Lady Dufferin Hospital for treatment and healthcare needs of mothers and children. PSX contributed to the healthcare needs of patients at Kutiyana Memon Hospital, as well, for providing medical services like 24/7 emergency services, clinical lab, X Rays, CT Scans, and other services. In order to help fulfil life changing wishes of terminally ill children and to motivate them in their fight against cancer, PSX contributed funds to Make A Wish Foundation towards bringing smiles to cancer-stricken children.

To support the growth and welfare of society as a whole through education which lays the foundation of an enlightened society, PSX provided sufficient financial aid to Fortify Education Foundation towards catering of meals to school children for one month. For supporting education of deaf children, PSX granted donation to Family Educational Services Foundation for its Deaf Reach Initiative. A cycling event, 'Cycle for Change', was held whereby sponsorship proceeds were donated to The Citizens Foundation (TCF) for educating a classroom of 35 students for the entire year. Moreover, PSX provided financial support to TCF for educating 12 deserving students for the year. PSX also extended considerable financial support to Habib University to enable them to provide scholarship and financial assistance to deserving students. Moreover, for uplifting the socio-economic condition of talented adults through their training in various skills and trades, PSX supported The Hunar Foundation with a financial grant through its Education CSR efforts. The Hunar Foundation is a Not-for-Profit Organization offering vocational, technological, and digital training to create skilled citizens of Pakistan. PSX extended financial support under its CSR initiative to Orange Tree Foundation for higher education scholarships for female students. For an NGO called Million Smiles, PSX contributed to their four-day leadership training boot camp for female youth from flood affected areas of remote valleys and rural villages. PSX also collaborated with Million Smiles for financial inclusion and digital literacy focused on women.

Initiatives by Regulatory Affairs Division (RAD)

The core functions of RAD are to frame and update PSX Regulations, devise policies, monitor compliance, take enforcement actions against non-compliant securities brokers and listed companies, and ensure investor education and advocacy. Moreover, RAD provides a platform for investors to lodge their complaints for efficient redressal. The Chief Regulatory Officer heads the RAD.

During the year 2023-24, RAD took various reform measures taking into account the international best practices and with an aim to promote ease of doing business, enhance transparency and protect interests of securities market investors. The significant measures taken by RAD are described below:

Introduction of an Appellant Forum for Hearing and Deciding Appeals Filed by the Listed Companies:

As a front-line regulator, PSX is mandated under the Securities Act, 2015 to frame regulations and enforce them with an aim to ensure market discipline, transparency and fairness. At times, PSX receives applications from the concerned listed companies for review of penal action taken against them as a result of disciplinary proceedings. Such applications are then reviewed and decided at the relevant forums of PSX.

In order to formalize and standardize the above practice, RAD has introduced the appellant forum along with the criteria and procedures for filing of appeal by the listed companies against the enforcement order passed under PSX Regulations.

Migration to One Share Trading Unit for Securities Traded in Ready Market and Growth Enterprise Market (GEM):

In light of trading data analysis of ETF constituents, which were already trading in lot size of 1 share, and as per the practices of various international exchanges, RAD has made amendments to change the lot size for all listed equity securities traded in the Ready Market and on the GEM Board to one (01) share. This transition aims to increase liquidity in market and eliminate difference in price ranges between the Ready and Odd Lots Market.

Improvements in the Procedures for Holding Corporate Briefing Session (CBS):

PSX has updated the Guidelines/ Procedures for holding Corporate Briefing Session and Frequently Asked Questions and notified the same for compliance by listed companies on November 02, 2023 in order to provide ease to the listed companies and ensure meticulous compliance therewith in light of feedback received from the listed companies.

Empowering PSX to Conduct Auction of CDS Eligible Government Debt Securities (GDS) and its Trading at PSX:

The Ministry of Finance (MoF) notified amendments in the 'Government of Pakistan Market Treasury Bills, 1998' and 'Government of Pakistan Ijara Sukuk Rules 2008', whereby, issuing, registering, trading and transferring of GDS can be done through PSX, NCCPL and CDC, collectively referred as Capital Market Infrastructure Institutions (CMIIs).

In order to give effect to the above, RAD introduced provisions in Chapter 6 governing GDS Market Regulations of PSX Regulations to enable the following:

- I. Empowering PSX to conduct the auction, on behalf of Government of Pakistan, of CDS Eligible GoP Ijara Sukuk or any other CDS Eligible GDS through the Auction System provided by PSX; and
- II. Trading and dealings in such GDS at PSX to be done exclusively in accordance with such terms, conditions and the procedures as jointly agreed and notified by the CMIIs from time to time under intimation to the SECP.

Adoption of Apostille Convention and Abolishment of The Requirement of Legalization of Foreign Public Document:

In order to facilitate the process of authentication of public documents abroad and vice versa, the Government of Pakistan has acceded to the Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents ("Apostille Convention"). The Apostille Convention abolishes the legalization process and replaces it with single point formality of issuance of a certificate called an 'Apostille' issued by the 'Competent Authority' of the state of origin of the public document, designated by the 'Contracting Party'. Thus, Foreign Public Documents, authenticated by the Apostille, can be directly presented to the concerned authorities in Pakistan eliminating the requirement of prior attestation from concerned Pakistan Mission abroad and Ministry of Foreign Affairs of Pakistan.

In order to give effect of the above, RAD amended the PSX Regulations giving non-resident/ foreigner, belonging to a country or state which has acceded to the Apostille Convention, an option to submit the Apostille issued by the Competent Authority under the Apostille Convention.

Suspending a Securities Broker, Instead of Declaring it as Defaulter, Upon Passing of its Members' Voluntary Winding-up Resolution without the Consent of PSX:

With an aim to ensure maximum protection of the rights and interests of investors and taking into account the international practices, RAD has made certain key procedural requirements in PSX Regulations in relation to passing of the members' resolution for voluntary winding-up by introducing a new Clause 4.9A [Passing of Members' Resolution for Voluntary Winding-up].

As per newly introduced clause, a securities broker is required to apply to PSX for voluntary relinquishment/ surrender of its TRE Certificate in the manner as prescribed in Clause 4.9 [Relinquishment/Surrender as a TRE Certificate Holder] of PSX Regulations and comply with the related requirements.

However, in case the securities broker passes a resolution for members' voluntary winding-up without following the procedural requirements, PSX, instead of declaring such securities broker a defaulter as per Clause 21.4.2 of PSX Regulations, shall suspend the trading terminals of such securities broker until further notice as per Clause 20.15A of PSX Regulations.

Enhancement of Investor Protection Measures Relating to Client-titled Bank Account(s) Maintained by the Securities Broker:

In furtherance of PSX objective to ensure maximum protection of the rights of investors, RAD has introduced following measures in PSX Regulations:

- I. Securities brokers shall be required to submit to PSX the details of all business bank account(s) opened for holding funds as and when required by PSX. The Securities Broker shall be required to inform PSX within five (05) working days of opening of new bank account or closure of existing bank account. Such information shall be submitted in the manner notified by the PSX.
- II. Cash withdrawals from the client-titled bank accounts maintained by the securities brokers shall be prohibited and all payments to customers must be made through cross-cheques or other banking channels.
- III. PSX shall be empowered to obtain balance confirmation of any one or more of the client-titled bank accounts maintained by the securities broker, with the written authority of the concerned securities broker. Such power shall only be utilized by PSX where it deems appropriate to obtain such information and after complying the internal approval process. For this purpose, the securities broker may be required to authorize on its letterhead the relevant officials of PSX for obtaining balance confirmation of the client-titled bank account(s) maintained by the broker from the concerned bank branch.
- IV. PSX shall inform the SECP and the banks, as per the latest list of bank accounts maintained with PSX by the concerned securities broker, regarding suspension, cancellation or forfeiture of TRE Certificate of such TRE Certificate Holder. Further, in case of cancellation, forfeiture or declaration of a securities broker as defaulter, PSX, while referring its case to the SECP, shall request it to take appropriate action(s).
- V. The funds available in the proprietary account of the defaulted securities broker should vest with PSX, as in the case of securities available in the House Account. These funds shall only be utilized by PSX for the settlement of verified claims against the concerned defaulted brokers.

Opening Online Account of Individual Local Customers Through the Centralized Gateway Portal (CGP):

CGP is an electronic and centralized information database portal established for digital onboarding of customers of Capital Market, NBFCs, Insurance or any other financial intermediary. The CGP has been developed to eliminate the need for opening and maintaining separate accounts with the securities brokers, AMCs, Insurance Companies, etc. The CGP would facilitate prospective investors of one asset class to connect with other asset classes through a standardized, centralized customer information database. The account opening forms have accordingly been updated in PSX Rulebook to enable onboarding of clients through CGP.

Deployment of Automated New Surveillance System ("NSS"):

Pursuant to deployment of state-of-the-art surveillance system, the market vigilance through surveillance activities have strengthened due to automated alerts and reports generated based on real-time market trades. As a result, the unusual movements in price and volume of securities are timely detected for assessments internally as well as through enquiries made with the relevant brokers, listed companies and/ or relevant persons to ascertain whether any potential market misconduct has been committed. RAD is working closely with SECP on ongoing assessments and enquiries, exchange of data information to facilitate investigations of SECP in determining the cases of market abuse.

Inspection, Reviews, Supervision and Monitoring:

- I. RAD conducted surveillance activities in the areas including but not limited to blank sale in ready market, blank sale through normal sale order window in futures market, unusual deals in NDM and Market Misconducts etc. During the year, RAD referred potential cases of Market Misconduct to SECP for further actions as per the relevant laws.
- II. RAD in Audit and Inspection performed the following activities:
 - (i) Performed on-site inspections through the following sources and took appropriate enforcement actions against non-compliant securities brokers:
 - (a) System Audit;
 - (b) Joint Inspection; and
 - (c) Internet-Based Trading Services (IBTS) Audit.

- (ii) Performed thematic reviews to ascertain the compliance status of the securities brokers in the following high-priority areas of PSX Regulations and Securities Broker (Licensing and Operations) Regulations, 2016:
 - (a) Assessment of Net Worth; [Clause 6(7) of Securities Brokers (Licensing and Operations) Regulations, 2016],
 - (a) Distribution of profits to customers on unutilized funds; [PSX Regulation 4.17],
 - (b) Clients Assets Segregation; [Clause 4.17 of PSX Regulations],
 - (c) Execution of Customer Orders; [Clause 19 of Securities Brokers (Licensing and Operations) Regulations, 2016],
 - (d) Mandatory Requirement of ICM Certification; [Clause 4(k) of Securities Brokers (Licensing and Operations) Regulations, 2016].
- (iii) Performed off-site inspections to monitor compliance with segregation of clients' assets by the securities brokers.
- (iv) Performed off-site monitoring of the following periodic reports filed by the Securities brokers:
 - (a) Annual Verified Clients Assets Segregation Statements (CASS);
 - (b) Monthly and Reviewed Liquid Capital Statements;
 - (c) Fortnightly CASS Reporting;
 - (d) Monthly net worth statements;
 - (e) Quarterly compliance report of the functional and accessible website;
 - (f) Quarterly customer grievances details; and
 - (g) Mandatory submission of financial statements.

Joint Inspection:

As per the Annual Inspection Plan of Inspections to be conducted by Joint Inspection Team (JIT) during the year 2023-24, the JIT completed the inspections of 63 brokers and submitted finding reports to the SECP and SROs within the stipulated timeline for taking enforcement actions.

The brief of the Inspections performed by JIT as per the Annual Inspection Plan for the year 2023-24 is mentioned hereunder:

S. #	Inspection Type	Inspections Completed	Inspections in Process
		No. of Securities Brokers	
I	Joint Inspection of Securities Brokers	42	1
II	Thematic Review on key areas of AML/ CFT Regulations	21	-
	Total	63	1

Investor Education and Regulatory Awareness:

As part of RAD's efforts to enhance investor education and regulatory awareness, various market notifications have been issued to educate the listed companies and others concerned to ensure meticulous compliance with the disclosure and reporting requirements under the PSX Regulations. RAD also issued investors bulletins to educate investors on "manner of order placement through securities brokers" and "distribution of profit by the securities brokers earned on unutilized funds of the customers".

Besides issuing regular notifications on regulatory developments, RAD has issued the following important notices for the listed companies and other concerned during the period:

- Guidance Notes for listed companies on continuous disclosure and reporting obligations under the PSX Regulations
- Enhancement of PUCARS availability time for posting of announcements
- Payment of annual listing fee and supervisory fee of SECP for the year 2023-24
- Holding of Corporate Briefing Session (CBS) with revised Guidelines
- Compliance with continuous disclosure and reporting obligations
- Timely compliance with the reporting & disclosure obligations under PSX Regulations
- Launch of PSX Primer on ESG and Webinar on ESG Primer & Reporting Guidance
- Webinar on ESG Contribution Tool for Listed Companies

RAD also conducted regulatory awareness session for the market participants on important area of Market Misconduct/ Abuses prescribed under Chapter 7A of PSX Regulations. Detailed insight was provided on the legal frameworks governing market abuses and the various forms of market abuses which are prohibited and tantamount to criminal offenses if committed by any person. Besides, the powers of PSX and SECP were explained in market surveillance and related enquiries and investigations as well as the strengthening of surveillance activities post deployment of state-of-the-art surveillance system at PSX.

Additionally, webinars for investors were also conducted to apprise them of their fundamental rights and obligations of trading in securities market. Besides, as part of public consultation process, RAD regularly conducts sessions with PSBA and securities brokers on regulatory amendments notified for seeking public comments to demonstrate the objectives and market impact of such amendments.

Trading & TREC Affairs Department

In a major move forward, the Pakistan Stock Exchange (PSX) has successfully implemented the first primary market auction of the Government of Pakistan one-year Ijarah Sukuk at the Pakistan Stock Exchange (PSX). This is for the first time in Pakistan's history that an auction of a Government Debt Security (GDS) took place through a state-of-the-art, fully automated and efficient system of the Exchange with settlement and custodial services being provided by the other capital market institutions. Building on this successful launch and a seamless process, GoP Ijarah Sukuk (GIS) amounting to PKR 652 Bn have been issued through the primary auctions held on the Exchange and are traded in the secondary market smoothly. So far, 05 types of instruments have been listed through the auction system, which include 1-Year Discounted GoP Ijarah Sukuk, 3 Year Fixed Rental Rate (FRR), 5 Year Fixed Rental Rate (FRR), 3 Year Variable Rental Rate (VRR) and 5 Year Variable Rental Rate (VRR).

Moreover, PSX has taken a significant step forward in offering innovative products and investment opportunities to investors by facilitating the launch of JS Global Banking Sector Exchange Traded Fund (JSGBETF). JSGBETF is a sector-specific ETF that tracks a total-return, equally weighted index, JS Global Banking Sector Index (JSGBKTI), which replicates the stock selection criteria of PSX's Banking Tradable Index (BKTI). This is the first ETF launched by a Securities Broker at PSX under the SECP's Sandbox Guidelines, 2019. PSX has also launched second Islamic Equity ETF i.e. Mahaana Islamic Index Exchange Traded Fund (MIIETF) to track the performance of Mahaana Islamic Index (MII30), which is designed to measure the performance of the top 30 Shariah compliant companies selected from KMI All share index. MIIETF will give Shariah conscious investors the ability to invest in the top 30 most liquid Shariah complaint companies through this ETF.

SECP in collaboration with PSX implemented significant amendments to the Securities Brokers Regulations, paving the way for Shariah-compliant brokerage services in Pakistan. This strategic move offered brokerage houses the flexibility to operate in accordance with Shariah principles, enhancing ethical investment opportunities. In a landmark achievement, first fully Shariah-compliant brokerage house has been licensed, setting a precedent for the industry. This initiative not only promoted financial inclusion but will also support sustainable growth in economy in Islamic way.

PSX has introduced Monthly Brokers Rankings based on brokers' performance in different categories. These rankings are issued every month based on new UINs, brokers with the most active accounts, traded value, traded volume, Investments in GIS and IPOs/CTIs. The initiative will help Trading Rights Entitlement Certificate (TREC) holders track their performance actively and make efforts to further expand their client base and market activity. These rankings are solely based on quantitative and objective criteria. Further, Annual Capital Market Awards will also be announced to acknowledge and celebrate the contribution by brokerage firms and CTIs.

PSX has implemented a gradual enhancement of security-wise circuit breakers (CBs) from 7.5% to 10% as approved by the Securities and Exchange Commission of Pakistan (SECP). The decision to increase these limits stems from a regulatory objective to provide a more resilient and dynamic trading environment.

PSX also successfully implemented a One-Share Lot system for investor transactions, enhancing accessibility and aligning with international best practices. This significant change would simplify trading by allowing retail investors to purchase high-priced stocks more affordably, thereby increasing liquidity and trading volumes. Further, investors who previously trade in the odd lots market where share prices are traded at a discount can now trade in the regular market. The new system will promote balanced portfolio building and reduce operational complexities for both investors and brokers.