CAPITAL MARKET; PANDEMIC - TAKING THE BULL BY HORNS

Team – CDC Pakistan
Pandemic = Opportunities

Enhancements

New Products
TAKING THE BULL BY HORNS - INITIATIVES

Initiatives

- Infrastructure
- Chatbot (Whatsapp)
- Roshan Digital Account
- Professional Clearing Member
- Paying Agent
- Online Account Opening
- Centralized Services Portal
Large scale distribution of Notebooks/Laptops & internet connection Devices.

Remote VPN connections provisioning for 5000+ users
- Remote VPN for accessing Office Desktop
- Mandatory VPN (Start Before Logon)
- Posture Validation
- Call Center services were also enabled from WFH environment.

Broker’s terminal authentication changes
COMPLETE END-TO-END, ONE WINDOW INITIATIVE THROUGH WHICH OVERSEAS PAKISTANI’S CAN:

- Digitally open Bank & Depository A/C,
- Readily invest in Capital Market.

CDC PROVIDES A PLATFORM FROM WHERE INFORMATION IS SEND BACK & FORTH BETWEEN DIFFERENT ENTITIES:

- Banks
- Brokers
- Clearing Company
NRVA facilitation for Capital Market Trading

1. Bank Initiates Digital KYC and account opening process with the designated Banks

2. RDA Account opened

3. Share KYC data & documents

4. Share KYC data & documents

5. Confirm status of UIN creation, trading account & custody account

6. Notify on opening of accounts

7a. Transaction details (both cash & assets)

7b. Transaction details (both cash & assets)

Brokerage houses

Clearing Company

Direct Settlement Account

Platform/Hub

Cash
Govt. backed bonds
### INTEGRATION PLATFORM
- CDS receives KYC data & documents through banks.
- CDS circulates this information to relevant Capital Market entities e.g. Clearing Company, Brokers, etc. & receive corresponding responses.

### SERVICES
- Online Account Opening
- Selection & Change of Broker options
- Allocation /deallocation of securities.
- eIPO/Right Subscription
- Fund Repatriation
- Dividend Payment
- IPO/Right Refund
- Dividend
Roshan Digital Account - Benefits

- Increase Customer Base
  (7,000+ new Accounts)
- Increase Market Activity
- Increase Capital Inflow
  (investment)
  (PKR 4 Billion+)
Electronic dividend disbursement process integrated with key financial intermediaries of Pakistan.

**Payment Handling**
Provides end-to-end dividend payment handling for issuers enhancing currently available Dividend Repository Services.

Paying Agent work independent of eDividend Repository Service offering.

**Reconciliation**
Reconciliation of dividend amounts on each payment cycle.

**Electronic Exchange**
Electronic exchange of information

**Integration**
Integration with different Financial Intermediaries for routing payments through their gateways/switches.

**Narration**
Stamping of narration for Dividend Payments in bank statements

**E-Alerts**
Emails and SMS to shareholders regarding dividend payment

**Efficiency**
Highly efficient with Bulk processing

**Straight through Processing**
Straight Through Processing (STP) of dividend disbursements through SBP RAAST payment mechanism.
NO NEED FOR PHYSICAL PRESENCE THUS REDUCING THE RISK OF PANDEMIC SPREAD

<table>
<thead>
<tr>
<th>VERIFICATIONS/VALIDATIONS</th>
<th>SALIENT FEATURES</th>
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<tbody>
<tr>
<td>• Form Scrutiny and validation.</td>
<td>• Transfer Order Book issuance and its linking with inventory system</td>
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</table>
| • Documents/forms Upload facility. | • Payment Modes  
  • Different Switches  
  • Over-the-counter |
| • Online Verification of critical documentation via APIs like Google OCR | • Emails and SMS to shareholders regarding on all critical steps |
| • Online In-Person Verification through Video Conferencing tools. | |
| • UIN registration request integration with Clearing Company | |

Wednesday, October 13, 2021
Initiatives - Centralized Services Portal

• One-Window Solution for all the needs of investors. Consolidation & major upgradation of CDC’s portals/websites

• Centralized Login Mechanism for various CDC Online Service offering like eIPO, eDividend, Online Transactions, Right Subscription, eVoting, RTA related services to name a few.

• Existing or prospect investors who have not yet subscribed/registered on CDC’s eAccess and/or eServices Portal could avail Online Offerings by first registering/activating relevant Online Services through Single Login Portal.
INITIATIVES - CENTRALIZED SERVICES PORTAL

- UIN based Single Login
- IPO/Right Subscription
- Service Activation
- Portfolio Transfer/Pledge Request
- Accessing Multiple Accounts
- R/TA Services Portal
High Level Overview of PCM

TREC Holders

Professional Clearing System

Risk Management System
Order Management System
Default Management

PCM Sub Components

Internet

Depository

Stock Exchange

Clearing Company

Investors

Wednesday, October 13, 2021
Custody, Clearing & Settlement exposes Brokers to reputational risk in case of any malpractice by his employee(s)/agent(s)

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<tr>
<th>BROKER RESPONSIBILITIES &amp; REQUIREMENTS (CONVENTIONAL MODEL)</th>
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<tr>
<td>• Brokers responsibilities includes:</td>
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<tr>
<td>• Clearing &amp; settlement of trades executed on the behalf of their clients</td>
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<tr>
<td>• Custodial services</td>
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<tr>
<td>• Brokers requires:</td>
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<tr>
<td>• infrastructure; and</td>
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<td>• human resources</td>
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<tr>
<td>• TO Prop Plus and/or TO clients</td>
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<tr>
<td>• Settlement Obligation</td>
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<tr>
<td>• UIN Registration /Mapping / UKN Issuance</td>
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<tr>
<td>• CDS Sub Account Opening &amp; Maintenance</td>
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</table>
Numerous other initiatives embarked during Pandemic:

**ChatBot**
- Whatsapp based service
- Investors could retrieve:
  - Procedures
  - Account Status
  - Statements
  - Others

**Payment/Deposit Options**
- M-Wallet
- NIFT

**Zakat Repository**
- Zakat Form Repository that is accessible to R/TA, Auditors, Participants.
Continue on the path of DIGITALIZATION