**Presenter:** Muhammad Hasan – Senior Manager, CDC Pakistan

**Topic:** Risks CSDs May Face in Declining Economies
Central Depository Company of Pakistan Limited

- Established infrastructure organization
- Esteemed corporate entity
- Responsible corporate citizen at the core of investor protection and awareness
- Pakistan Capital Market’s pride
- CDC Contribution to ACG
- Pakistan Post has issued a commemorative postage stamp to mark the Silver Jubilee celebrations of CDC Pakistan.
A Nation on the Road to Progress & Advancement

- 4th Largest Youth Population
- Increasing Remittances from Migrant Workers
- Huge Potential of IT Exports
- Rich Cultural Heritage
- Best Performing Economy during Covid
ECONOMIC ADVERTIES OF PAKISTAN
ECONOMIC ADVERSITIES OF PAKISTAN

- Fiscal Imbalance
- Forex Reserves
- Political Instability
- Government Borrowing
- Inflation
ECONOMIC ADVERSITIES OF PAKISTAN

- EXTERNAL RISKS
  - CLIMATE CHANGE
  - EXTERNAL VULNERABILITIES
  - SECURITY CHALLENGES
  - FOREIGN INVESTMENT
REPERCUSSIONS OF ECONOMIC DOWNTURN
## REPERCUSSIONS OF ECONOMIC DOWNTURN

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| Higher Default Risk            | • Weak ability to borrow funds from international markets at reasonable interest rates  
                                 |   • Lenders become reluctant to provide new loans as they fear a repeat of the default |
| Trade Restrictions             | • It can undermine investor confidence and disrupt the flow of capital  
                                 |   • Difficult to import even essential goods like petroleum, machinery, equipment, medicines, etc. |
| From Higher To Hyper Inflation Economy | • Devaluation of the currency and hyperinflation, with commodities prices rising  
                                        |   • Government printing money to finance its spending and pay off its debt obligations. |
| Contraction in GDP             | • Production of fewer goods and decrease in consumer spending  
                                 |   • Job losses and lower business profit |
| Social Unrest                  | • Power blackouts, shortages of fuel, inability of government to provide basic food items leading to the declaration of a state of emergency and the implementation of curfews |
IMPACT OF DECLINING ECONOMY ON CSDs
IMPACT OF DECLINING ECONOMY ON CSDs

- **Reduced Stock Market Turnover**: Reduced investment in the stock market will ultimately impact the revenue of the Depository.

- **Fuel Shortages**: To curtail the import bill, Depository may face fuel shortage in the times of power blackout.

- **Inability to Maintain Foreign Subscriptions**: Inability to make payment of foreign subscriptions for IT Security and other necessary applications.

- **Inability to Buy Critical Equipment**: Difficulty in importing critical equipment owing to import or trade restrictions.

- **Employees Migration or Layoffs**: Owing to currency devaluation, quality human resource is migrating to other countries.
MITIGATION OF RISKS
MITIGATION OF RISKS

- Diversification of Business Avenues
- Maintenance of Foreign Currency Reserves
- Agreements in Local Currency against IT Subscriptions
- Conversion to Renewable Energy for Electricity
- Succession Planning and Resource Hunting
- Creation of ACG Fund
CDC’S FOUR KEY STRENGTHS

- ERM based on COSO principles
- Governance, strategy, execution, monitoring, review & reporting

- ISO 27001 certified for ISMS
- Regular review & audits
- Enterprise security policies
- Physical parameter security policies
- SOC and NOC

- ISO 22301 certified for BCP
- BCP site and regular drills
- Business diversification
- Succession planning

- 6 core Business JEE Applications
- 15+ support Applications
- Real time data transmission to NCCPL & PSX
- State of the art systems
- 3 inter-connected datacenters with real-time data replication

Enterprise Risk Management

Technological Infrastructure

Information Security Management

Business Continuity Program