



Securities & Exchange
Commission of Pakistan



RECENT STRUCTURAL REFORMS IN CAPITAL MARKETS OF PAKISTAN



DIGITIZATION AND INVESTOR OUTREACH

Digitization of account opening process

Investors facilitated to digitally open trading accounts without being required to submit any documents physically.

Online customer verification process introduced which eliminates the need to visit the broker's office/branch for account opening.

Shared KYC Framework

Customers having bank accounts can open trading accounts with securities brokers.

Mechanism allows banks to share the KYC information of the customers with securities brokers.



DIGITIZATION AND INVESTOR OUTREACH

Centralized Gateway Portal (CGP)

- Launched CGP which provides a uniform digital onboarding process across different asset classes regulated by SECP.
- For the first time, KYC information can be shared between stock brokers, mutual funds and insurance companies
- Investor can approach the intermediary or directly the portal from which account can be opened in different asset classes
- Elimination of duplication in KYC documentation.
- White labelling option is also available



CATEGORIES OF BROKERS

**Broker
categorization and
launch of
Professional
Clearing Members**

- Brokers were divided into three categories with regards to custodial and settlement Services
- Trading Only Brokers only provide trading services
- Trading and Self Clearing Brokers provide trading, custodial and settlement services to their customers
- Trading and Clearing brokers provide custodial and settlement services to Trading Only brokers
- Professional Clearing Member is a



Online-Only Brokers

- Introduced a new category of “online-only” securities brokers to enable trading in stock market using digital means.
- Subject to less stringent regulatory requirements.
- Proprietary trading not permitted.
- Clearing and settlement functions to be performed by a **professional clearing member.**

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GOVERNANCE REFORMS

Category Voting procedure for election of directors

Amendments notified for voting in separate categories for election of female directors and independent directors.

Measure addresses the difficulties previously faced by listed companies in electing at least one female director and the required number of independent directors on their boards as required under the law.

Votes are allocated proportionately for 3 categories

Minority shareholders can also nominate their candidates for any category



GOVERNANCE REFORMS

Electronic voting (e-voting) facility

Listed companies obligated to provide e-voting facility to all shareholders for election of directors and all special businesses conducted in general meetings.

Particularly beneficial for foreign shareholders who can vote remotely on important company matters.

Appointment of scrutinizers

Concept of independent scrutinizer introduced to increase transparency in the voting process during general meetings of listed companies.

Requirement to appoint scrutinizer exists in case of voting on election of directors, investment in associated companies, and other specified

businesses.





THANK YOU

