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IMPACT OF COVID-19 ON CAPITAL MARKET AND MEASURES TAKEN BY SECP

Relief provided to the Corporate Sector

- Initially allowed 30 days extension for holding AGMs (due in April 2020) and filing first quarterly accounts (March 31, 2020).Companies whose elections were due by April 2020 were allowed to report impediment and hold elections within the extended time.
- Allowed filing of statutory returns due, with delay of 30 days without any additional filing fee or penal action.
- Disclosure required for impact of COVID-19 on the Company and its operations in the financial statements.
- Companies encouraged to circulate financial statements and notices of general meetings electronically, through its website, PSX etc.

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Relief provided to the Corporate Sector

- The Companies were advised to use electronic means for general meetings. Later listed companies were directed to ensure participation of members in general meeting through electronic means as a regular feature, in addition to requirement of holding physical meeting.
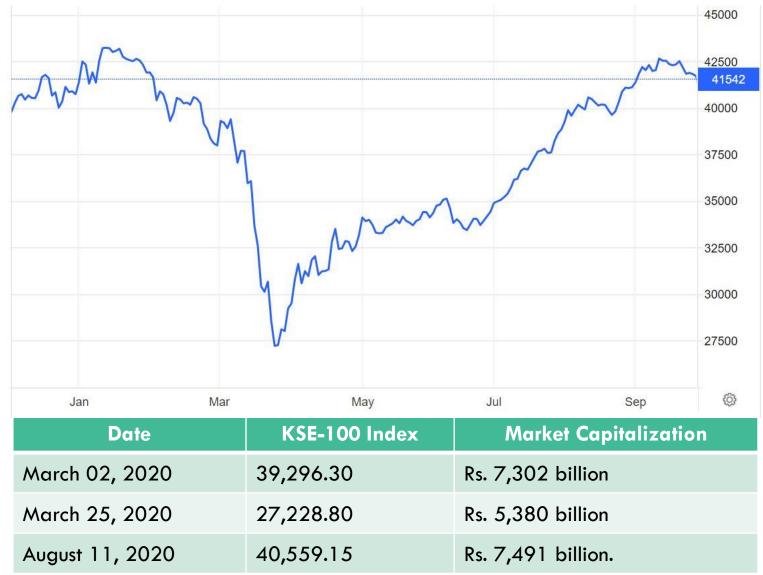
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Measures for Securities Market

- Increased duration of index-based market halts from 45 to 60 minutes.
- Extended timelines for submission of system audit report (regulatory compliance audit) for securities brokers.
- Relaxed biometric verification requirement at the time of investor account opening.

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KSE-100 Index Performance During Covid-19

Date	KSE-100 Index	Market Capitalization
March 02, 2020	39,296.30	Rs. 7,302 billion
March 25, 2020	27,228.80	Rs. 5,380 billion
August 11, 2020	40,559.15	Rs. 7,491 billion.

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Stock Market Performance During Covid-19

- Capital market infrastructure institutions and market intermediaries continued to perform their functions without any interruption.

- Despite significant decline in the market, no systemic risk was observed and the market continued to function smoothly, which exhibits robustness of the system.

- Due to the timely implementation of index-based market halts and extension in circuit breakers, efficient risk management, price discovery and exit mechanism for investors was ensured.

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Measures for Non-Banking Finance Companies (NBFCs)

- Allowed lending NBFCs to defer or reschedule the loan repayments from their borrowers.
- Urged microfinance lenders to adopt a considerate approach to accommodate their underprivileged borrowers.
- Enhanced maximum discretionary discount limit for Asset Management Companies for valuation of debt securities.
- Extended the maximum borrowing period by mutual funds for redemption purposes from 90 to 365 days.
- Allowed time extension for announcement of daily NAV, submission of monthly regulatory returns and submission of quarterly financial statements.

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Adoption of Digitalization – A Key Learning from Covid-19 Experience

1. Digitization of Account Opening Process

Investors have been facilitated to seamlessly open accounts with a broker without requiring to physically submit any documents or visit a broker.

2. Online-Only Brokers

A new category of "online-only" brokers has been introduced to enable trading in the stock market using online means only.

3. Shared KYC Framework

Both resident and non-resident Pakistanis have been facilitated to invest in securities market through sharing of KYC information available with the respective banks.

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Adoption of Digitalization – A Key Learning from Covid-19 Experience

4. Digital-Only Insurers

The concepts of digital-only insurers and dedicated micro-insurers have recently been introduced to expand the product range and promote financial inclusion.

5. Digital Platform for Mutual Funds

Emlaak Financials, the first digital distribution platform for investment in mutual funds, was recently inaugurated.

6. Digital Lending through Web-Based Applications

The licensing of Non-banking Finance Companies (NBFCs) having digital lending models has been facilitated and encouraged through regulatory amendments. 8 digital lending NBFCs have started operations.

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THANK YOU