



PAKISTAN STOCK EXCHANGE LIMITED

PRESS RELEASE

Pakistan Software Export Board and Pakistan Stock Exchange Ink MoU

Karachi, February 25, 2021: In yet another major step towards ensuring sustainable growth of Pakistan's IT Industry, Pakistan Software Export Board (PSEB) has signed a Memorandum of Understanding with Pakistan Stock Exchange (PSX). The MOU was signed at Pakistan Stock Exchange. Mr. Osman Nasir, Managing Director, Pakistan Software Export Board and Mr. Farrukh H. Khan, Chief Executive Officer & Managing Director, Pakistan Stock Exchange signed the MOU. Senior Officials from the Federal Ministry of IT & T, Pakistan Software Export Board, Security & Exchange Commission of Pakistan, Pakistan Stock Exchange and IT Industry representatives were present at the occasion.

Osman Nasir, Managing Director PSEB said that PSEB would work with Pakistan Stock Exchange to conduct seminars, workshops and events to create awareness of the benefits of listing for IT/ITeS companies and work with PSX authorized financial advisors, consultants and lead managers to assist the selected IT/ITeS companies for listing. He said that PSEB is aiming to have 40 technology companies registered on Pakistan Stock Exchange and would extend significant financial and technical assistance to the tech companies to get listed on Pakistan Stock Exchange.

Shoaib Ahmed Siddiqui, Secretary IT said that one of the main factors impeding the growth of Pakistan's IT sector is access to capital. Pakistani Tech companies that get listed on Pakistan Stock Exchange would be able to raise funds by issuing shares which can subsequently be used for further business expansion. By listing on the stock exchange, a company gains instant credibility and stature with the prospective clients and suppliers. This is a significant advantage particularly for Pakistani tech companies as it makes it easier to solicit overseas customers due to increased credibility that comes from being listed on Pakistan Stock Exchange. Listing on stock exchange also improves corporate governance and companies can maintain more autonomy and control through ability to rapidly raise low-cost capital compared to banks, venture capitalists or private investors.

Syed Amin Ul Haque, Minister for Information Technology & Telecommunication in his comments stated that the MOU is a giant leap forward for development of Pakistan's IT Industry. This is the first ever MOU signed between PSEB and Pakistan Stock Exchange. The goal is to increase the number of listed technology companies on PSX Main Board & GEM Board which would in turn help to strengthen financial ecosystem for IT sector growth and contribute to efforts for building a strong brand image of Pakistan's IT industry in the international markets. Due credit goes to Security and Exchange Commission of Pakistan for reducing corporate governance rules from 21 to 3 and for making it easier for technology firms to register on PSX.

According to Pakistan Stock Exchange Managing Director, Farrukh Khan, "PSX's Growth Enterprise Market (GEM) Board facilitates small and medium sized enterprises, greenfield projects and tech startups to get listed on the Stock Exchange and raise capital. The listing regulations for the GEM Board have been made flexible vis a vis the Main Board while listing costs are significantly lower. Furthermore, there is an expanded list of Advisors to choose from, which adds to the convenience of issuers". Mr. Khan further stated, "The GEM Board of PSX provides an ideal opportunity for small to medium sized growth enterprises such as IT firms and tech start-ups to raise capital and expand their business horizon. These companies must capitalise on this opportunity and raise low cost capital through the Exchange, which is crucial for their expansion and outreach. At the same time, listing on the Exchange will attract attention to these companies, locally as well as internationally. Importantly, listing on the GEM and Main Board also provides a potential exit to investors. Such an exit avenue will make it easier for tech companies to raise venture capital".

Small to medium enterprises make up a big chunk of business enterprises in Pakistan. SMEs constitute nearly 90% of all enterprises in Pakistan. They contribute about 40% to the annual GDP and employ about 80% of the non-agricultural labor force. The growth enterprises play a major role in a country's economy. They provide a large number of jobs and contribute significantly to the GDP of a country.



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