



PAKISTAN
STOCK EXCHANGE
LIMITED

PARTNERING ON THE ROAD OF SUCCESS

Annual Report 2017





PAKISTAN
STOCK EXCHANGE
LIMITED

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VISION

To be a leading financial institution, offering efficient, fair and transparent securities market in the region and enjoying full confidence of investors and listed securities issuers.

MISSION

- To strive to provide quality and value-added services to the capital market in an efficient, transparent and orderly manner, compatible with international standards and best practices.
- To provide state-of-the-art technology and automated trading operations, driven by a team of professionals in accordance with good corporate governance.
- To protect and safeguard the interests of all its stakeholders i.e. members, listed companies, employees and investors at large.
- To reflect the corporate sector and country's economic health and play its role for the growth, development and prosperity of Pakistan.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muneer Kamal (Chairman)
Mr. Haroon Askari (Managing Director)
Mr. Samir Ahmed
Mr. QUE Bo
Mr. Ahmed Chinoy
Mr. Moin M. Fudda
Mr. Abid Ali Habib
Ms. Rahat Kaunain Hassan
Ms. Yu Huali
Mr. Tawfiq A. Hussain
Mr. Muhammad Naeem
Mr. Li Peng
Mr. Zhiping Rong*

NOMINATION COMMITTEE

Mr. Muneer Kamal (Chairman)
Ms. Rahat Kaunain Hassan
Mr. Tawfiq A. Hussain
Mr. Zhiping Rong*

REGULATORY AFFAIRS COMMITTEE

Mr. Tawfiq A. Hussain (Chairman)
Mr. Moin M. Fudda
Mr. Muhammad Naeem
Ms. Rahat Kaunain Hassan

Non-Executive Director
Executive Director
Independent Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Non-Executive Director
Non-Executive Director
Independent Non-Executive Director
Independent Non-Executive Director
Non-Executive Director
Non-Executive Director

AUDIT COMMITTEE

Mr. Muhammad Naeem (Chairman)
Mr. Moin M. Fudda
Mr. QUE Bo
Mr. Samir Ahmed

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Muneer Kamal (Chairman)
Mr. Li Peng
Mr. Moin M. Fudda
Mr. Tawfiq A. Hussain

* Appointed as director on the Board subsequent to year-end

COMPANY SECRETARY
Mr. Muhammad Rafique Umer

CHIEF FINANCIAL OFFICER
Mr. Ahmed Ali Mitha

ACTING CHIEF REGULATORY OFFICER
Mr. Abbas Mirza

HEAD OF INTERNAL AUDIT
Mr. Farhan Ansari

AUDITORS

EY Ford Rhodes
Chartered Accountants

LEGAL ADVISORS

Ghani Law Associates
Industrial Relations Advisors
Ijaz Ahmed & Associates
Advocates & Legal Consultants
Ahmed & Qazi
Advocates & Legal Consultants

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Bank of Khyber
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Sindh Bank Limited
Soneri Bank Limited
Summit Bank Limited
United Bank Limited

SHARE REGISTRAR

FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6,
P.E.C.H.S, Shara-e-Faisal, Karachi
Phone: (92 21) 34380101-5, 34384621-3
Fax: (92 21) 34380106, 32428310
Email: info@famco.com.pk
Website: www.famco.com.pk

REGISTERED OFFICE

Stock Exchange Building
Stock Exchange Road
Karachi 74000
Phone: (92 21) 35205528-29
UAN: (92 21) 111 00 11 22
Fax: (92 21) 32410825

REGIONAL OFFICES

Lahore Office

LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal,
Lahore-54000, Pakistan.
Phone: (9242) 36316974
Fax: (9242) 36316973

Islamabad Office

Office # G-13, Ground Floor, ISE Towers, 55-B, Jinnah Avenue,
Islamabad, Pakistan.
Phone: (9251) 2894500

EMAIL

info@psx.com.pk

WEBSITE

www.psx.com.pk

ABOUT PSX

History:

Pakistan Stock Exchange Limited ("PSX" or the "Exchange") was incorporated in the year 1949 under the name of Karachi Stock Exchange (Guarantee) Limited, as a company limited by guarantee without having share capital.

In the year 2012, in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the Exchange was corporatized i.e. it was converted into a 'public limited company by shares' and accordingly, its name was changed to Karachi Stock Exchange Limited ("KSE"). With the corporatization, the ownership rights in the Exchange were segregated from trading rights.

In the years 2015-16, the Exchange operations, together with related assets and human resources of then existing Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, were integrated into KSE and the Exchange emerged as a single national stock exchange under its present name, i.e. Pakistan Stock Exchange Limited.

Integration and its Impact:

The integrated Pakistan Stock Exchange has facilitated growth and development of Pakistan's capital market in several ways:

- From domestic investors and savers' perspective, there is now a single national platform, with a deep liquidity pool available to investors throughout the country.
- From the corporate sector's perspective, a single integrated securities market has allowed companies to access a large pool of savings for funding future growth.

Divestment:

Following were the objectives behind initiating the divestment process for the 40% equity stake of PSX.

- The narrow investor base of the stock market needed to be significantly expanded. A strategic investor with experience of operating in larger markets would be able to provide direction and lead in this endeavour.
- Market liquidity had to be enhanced. The strategic investor was expected to fast track the roll out of various products including derivatives that would enable greater liquidity generation.
- By joining hands with international partners, Pakistan's market would move towards greater integration with global capital markets, thus, improving both international investor base as well as opening up opportunities for domestic companies to source capital from other markets.
- It was felt that there was a need to further upgrade the technology platform of PSX in line with advances in trading and related technologies in other jurisdictions.

The roadmap for divestment of the 40% strategic stake in the Pakistan Stock Exchange was provided by the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The bidding for PSX's 40% equity stake by local and international investors took place on December 22, 2016. The results of the bidding process revealed that the Chinese Consortium had submitted the highest bid of Rs. 28 per share.

The said Consortium comprised of three Chinese exchanges (i.e. China Financial Futures Exchange Company Limited, Shanghai Stock Exchange, Shenzhen Stock Exchange) and two local financial institutions (i.e. Pak China Investment Company Limited and Habib Bank Limited).

The 40 percent of Pakistan Stock Exchange Limited represented 320 Million shares. The deal with the Chinese Consortium was worth PKR 8.96 Billion (USD 85 Million).

This landmark achievement would not have been possible without the laudable efforts of the Government of Pakistan that enabled economic and political stability in the country to attract foreign capital for the said divestment process. The divestment of the strategic stake in PSX is a milestone development for Pakistan's capital market and has heralded a new era of development and growth of the country's financial sector.

PSX'S Reclassification from Frontier to Emerging Markets by MSCI:

Morgan Stanley Capital International Inc. ("MSCI") announced on June 09, 2015 that it will review Pakistan's equity market to be included in its benchmark Emerging-Market (EM) Index. Immediately after the MSCI announcement, a two pronged strategy was taken up by the PSX Management i.e.

- i) Removing certain operational issues faced by foreigners in accessing the Market and,
- ii) Organizing local and international roadshows with a view to directly address the concerns of foreign investors. PSX team, led by its Chairman and Managing Director, organized roadshows nationally and in major international financial centers such as New York, Hong Kong, Singapore and London. PSX also held webinars for international investors in which Commissioner of Securities Market Division SECP and Managing Director of PSX both highlighted market developments and related regulatory developments that had taken place.

On June 15, 2016, MSCI announced that MSCI Pakistan Index will be reclassified to Emerging Markets status, coinciding with the May 2017 Semi-Annual Index Review. During the Semi Annual Index Review, the MSCI Equity Universe was comprehensively updated. Actual implementation of the changes came into effect from June 1, 2017.

Initial Public Offering (IPO) of PSX - [Self Listing]:

To complete the divestment of PSX, a total of 160 Million shares, representing 20 per cent of the total paid up capital, were offered to the general public.

Initially, 75 per cent of the issue, i.e. 120 Million shares, were offered to high-net-worth individuals / institutional investors through Book Building at Rs 28 (Floor Price). The remaining 25 per cent, i.e. 40 Million shares, were offered to retail investors / general public at Rs. 28.

On June 29, 2017, PSX completed the process of enlisting on the exchange by selling 20 per cent shares of the bourse to the public in an Initial Public Offering. Hence, it became the first self-listed capital market in South Asia.

PSX Partners with McKinsey & Company:

PSX hired McKinsey & Company to help the bourse in:

- Broadening investor base;
- Increasing its pool of listed securities;
- Expanding product and asset class offerings; and
- Developing ancillary products and services to diversify revenue base.

Phase I of their engagement involved developing a three year business plan and roadmap for submission to SECP. Their business plan revolved around identifying opportunities to introduce new asset classes, investors, issuers and diverse revenue sources.

Phase II of their engagement will involve helping PSX drive the transformation through a transformation office, executing cost and data monetization initiatives and organisation change.

PSX – FY 2017 at a Glance:

As at June 30, 2017, 560 companies having listed capital of PKR 1,317 Billion were listed on the Pakistan Stock Exchange having a market capitalization of PKR 9,522 Billion.

The KSE 100 Index closed at 46,565 points on June 30, 2017 indicating a growth of around 23% from June 30, 2016. KSE 30 Index closed at 24,251 points on June 30, 2017 indicating a growth of around 12% from June 30, 2016.

Over the last eleven years from January 2006 to December 2016, listed companies have raised over PKR 961 Billion from the capital market through debt, right and equity issues. From the Government's perspective, out of the above noted amount, over PKR 260 Billion were raised by the Government of Pakistan via privatization through domestic and international capital markets.

Pakistan Stock Exchange (KSE-100 Index) was ranked as the fifth best performing stock market in the world in 2016 by Bloomberg.

	June 30, 2017	June 30, 2016	% Change
No of Listed Companies	560	559	0.2%
Listed Capital (Mn)	1,317,220	1,289,081	2.2%
Trading Volumes (Mn)	236	115	104.4%
Trading Value (Mn)	9,393	8,068	16.4%
Market Capitalisation (Bn)	9,522	7,588	25.5%
KSE 100 Index	46,565	37,784	23.2%
KSE 30 Index	24,251	21,653	12.0%

FINANCIAL HIGHLIGHTS

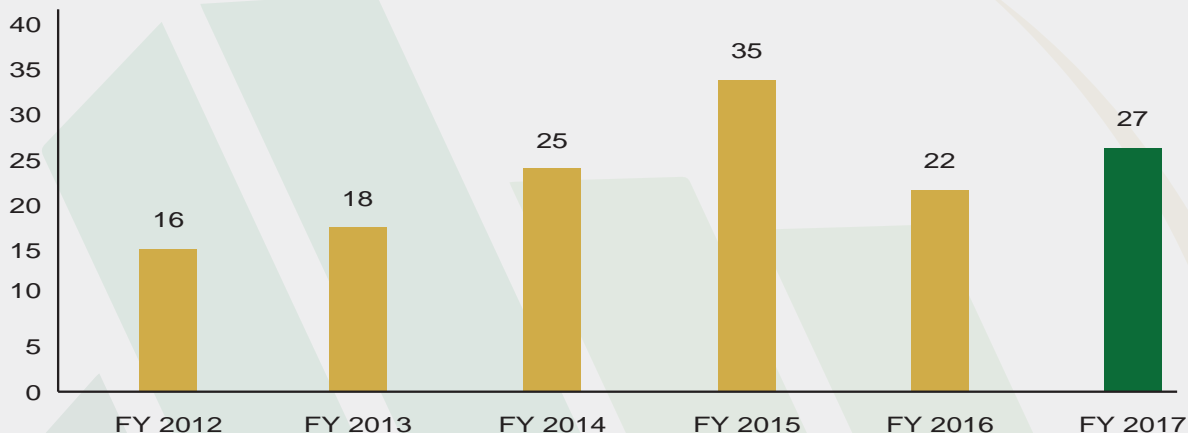
(SIX YEARS AT A GLANCE)

Rs Million	2012	2013	2014	2015	2016	2017
SHARE CAPITAL	-	8,015	8,015	8,015	8,015	8,015
RESERVES	4,666	42	61	134	(13)	128
SURPLUS ON REVALUATION OF ASSETS-NET OF TAX	3,288	-	-	-	-	744
LONG TERM LIABILITIES	44	56	42	53	147	1,823
CURRENT LIABILITIES	1,526	2,823	4,018	5,903	554	1,251
TOTAL LIABILITIES	9,524	10,936	12,136	14,105	8,703	11,961
FIXED ASSET	4,491	4,339	4,246	4,169	4,104	4,891
OTHER LONG TERM ASSESTS	1,126	1,220	3,118	3,463	3,387	2,104
CURRENT ASSETS	3,907	5,377	4,772	6,473	1,212	4,966
TOTAL ASSETS	9,524	10,936	12,136	14,105	8,703	11,961
OPERATIONAL RESULTS						
TOTAL INCOME	781	878	1,183	1469	1450	1477
TOTAL EXPENSES	774	809	959	1107	1193	1158
PROFIT BEFORE TAX	7	69	224	362	257	319
PROFIT AFTER TAX	669	121	180	317	132	277
RATIOS						
CURRENT RATIO	2.56	1.90	1.19	1.10	2.19	3.97
QUICK RATIO	2.09	1.67	1.04	1.00	1.02	2.17
NET PROFIT MARGIN	86%	14%	15%	22%	9%	19%
EXPENSES AS A PERCENTAGE OF REVENUE	99%	92%	81%	75%	82%	78%
PROFIT BEFORE TAX AS PERCENTAGE OF REVENUE	1%	8%	19%	25%	18%	22%

KEY FINANCIAL AND MARKET HIGHLIGHTS

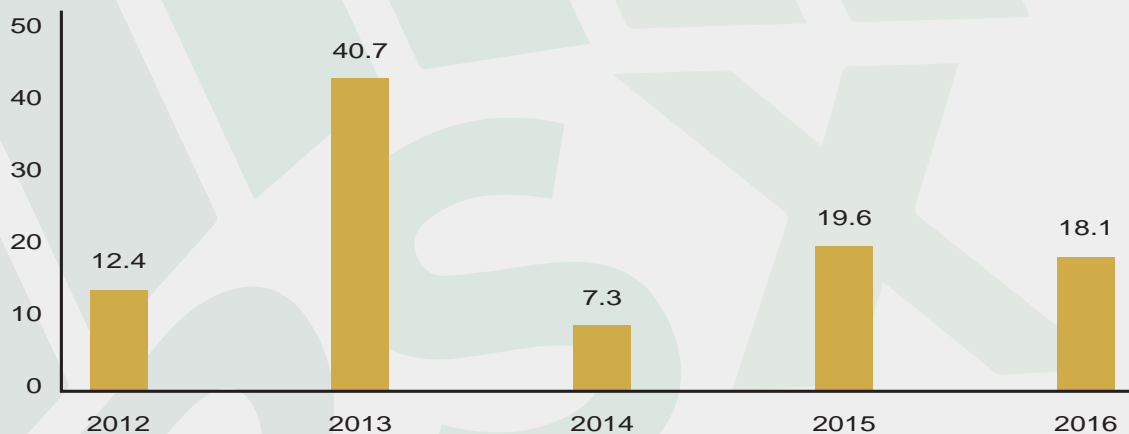
Figures in '000

INCREASE IN NEW DIRECT INVESTORS-UINs



Figures in '000

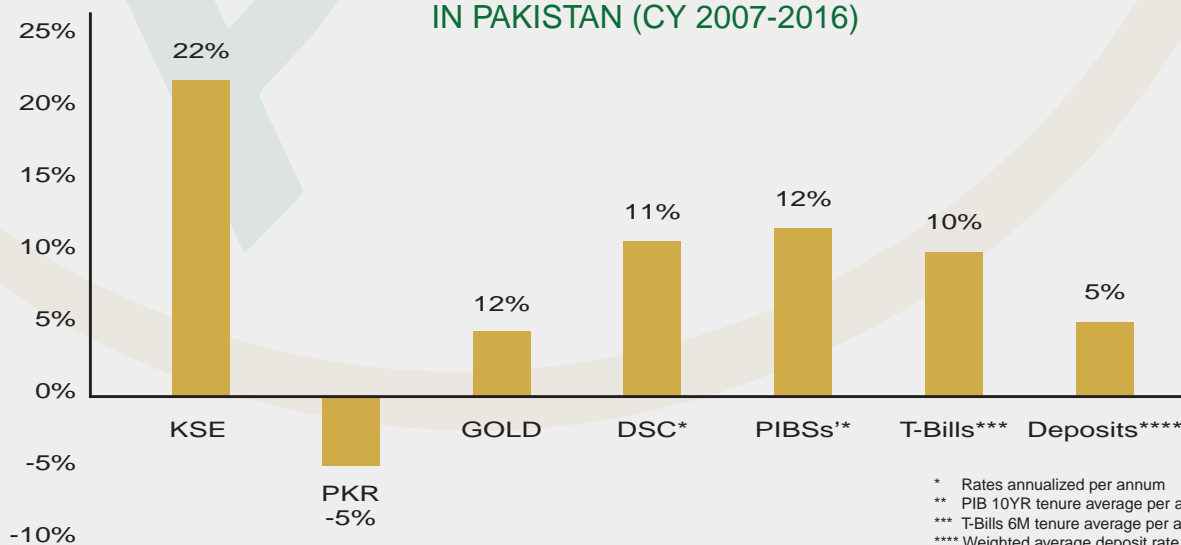
INCREASE IN MUTUAL FUND UNIT HOLDERS



Note * Figures upto March 2017

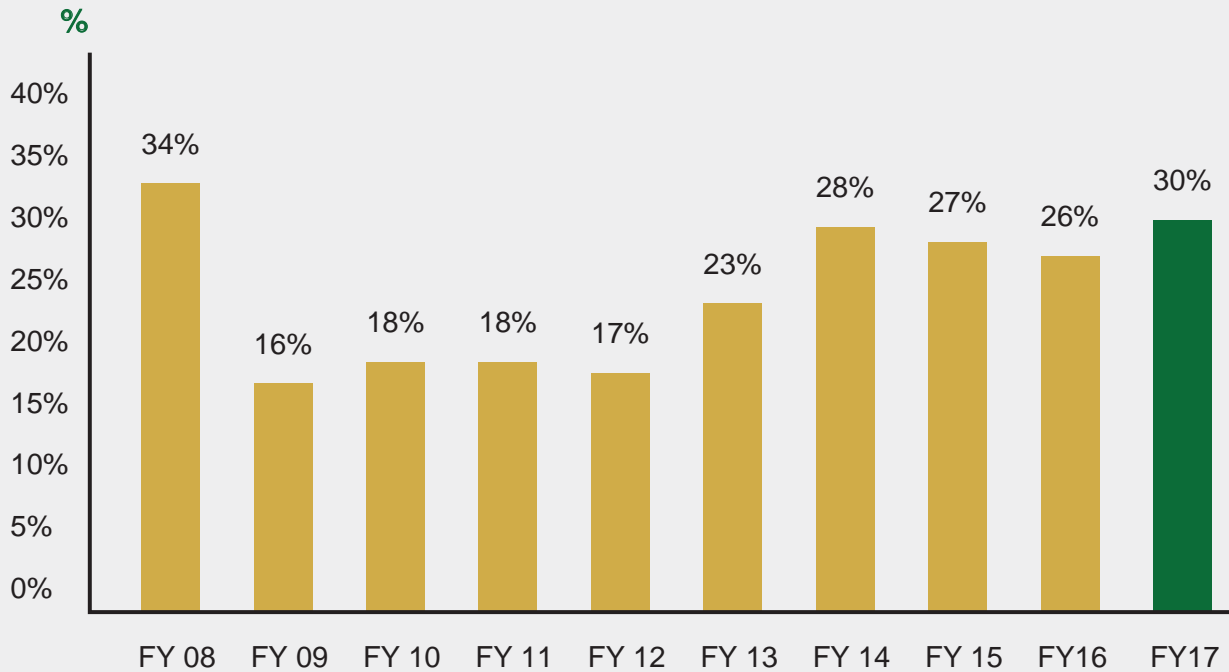
%

HISTORICAL ASSET CLASSES RETURN IN PAKISTAN (CY 2007-2016)

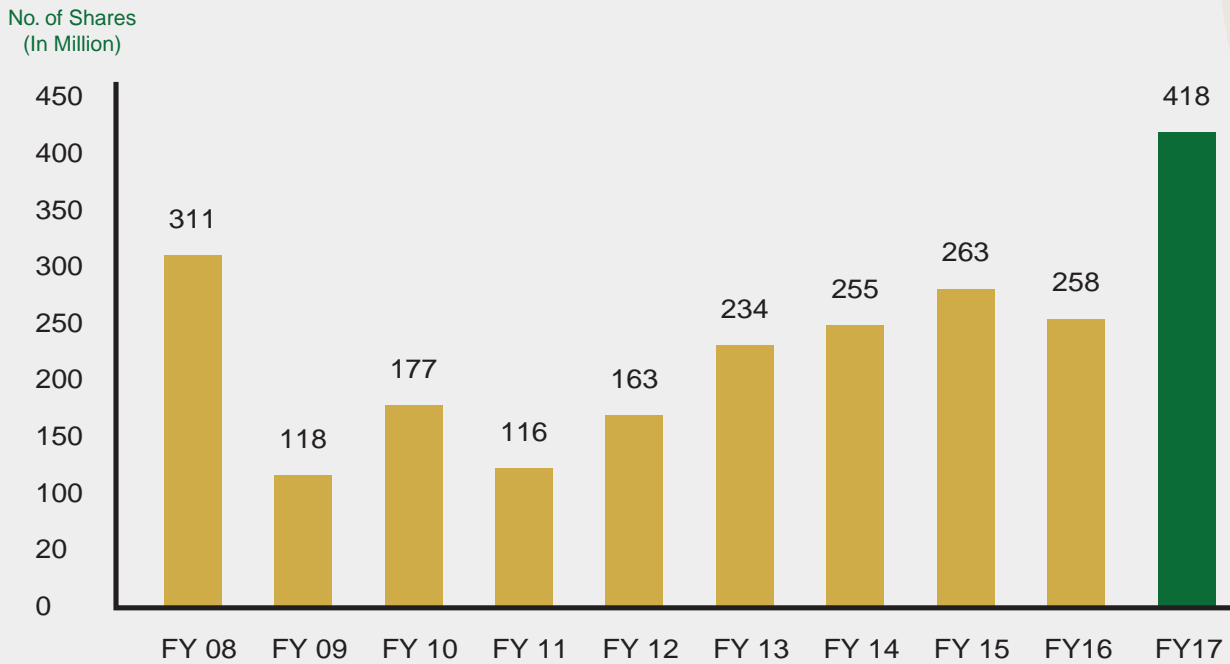


* Rates annualized per annum
 ** PIB 10YR tenure average per annum
 *** T-Bills 6M tenure average per annum
 **** Weighted average deposit rate, SBP

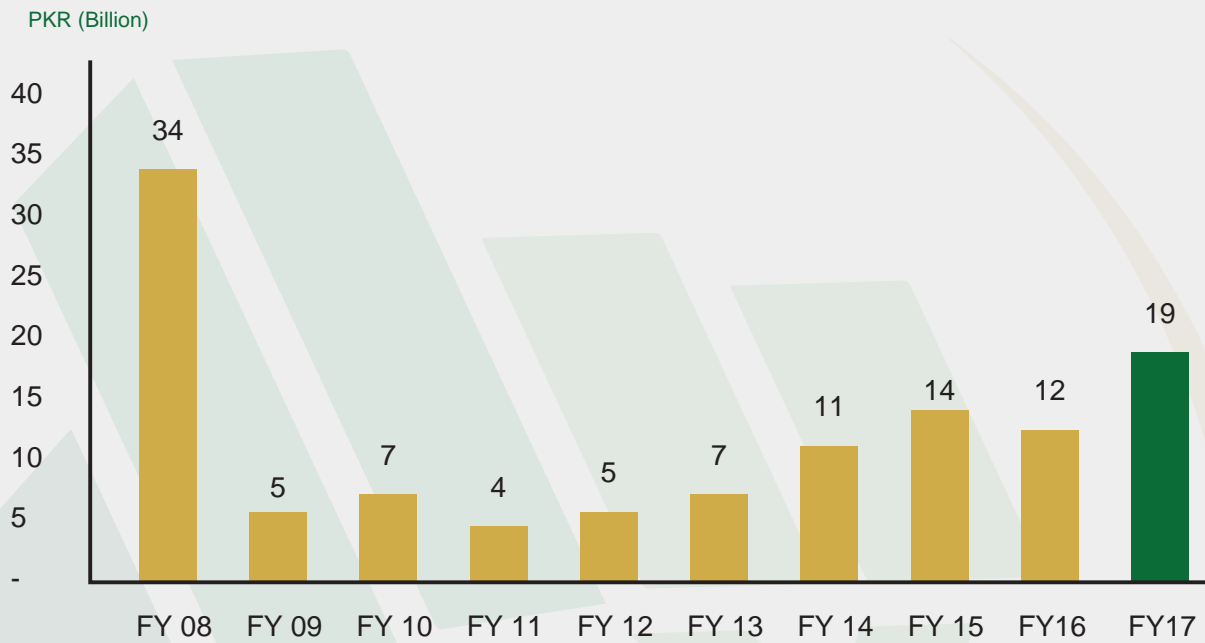
MARKET CAPITALIZATION TO GDP PERCENTAGE



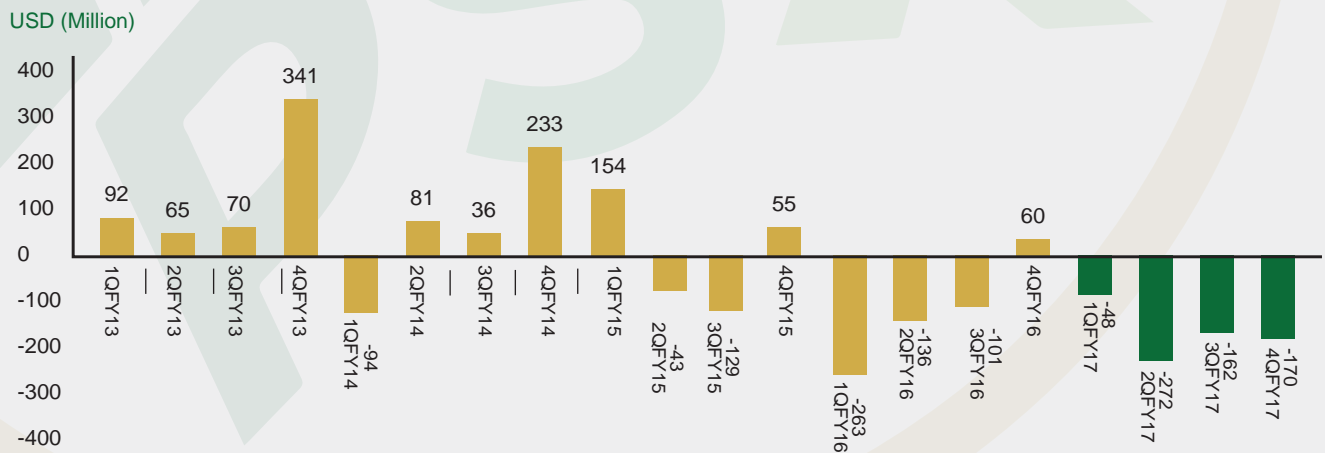
AVERAGE DAILY VOLUME TRADED (T+2 & DFM)



AVERAGE DAILY VALUE TRADED (T+2 & DFM)



FOREIGN INVESTOR NET INFLOWS (FY 2013-2017)



MONTH-WISE TRADE VOLUMES AND VALUE IN EACH MARKET SEGMENT:

	REGULAR		FUTURES	
MONTH	TRADE VOLUME (No. of Shares)	TRADE VALUE PKR	TRADE VOLUME (No. of Shares)	TRADE VALUE PKR
July'16	3,029,188,960	196,813,211,854	814,911,000	59,683,891,345
August'16	5,927,529,300	263,927,483,589	1,016,046,500	62,894,857,360
September'16	10,641,280,470	291,632,460,891	1,108,112,000	57,646,861,850
October'16	8,537,815,180	265,479,277,157	1,415,944,500	64,021,652,345
November'16	10,761,750,990	358,898,909,009	1,672,959,500	88,354,856,600
December'16	7,386,432,390	363,107,989,664	1,238,983,000	90,888,444,825
January'17	9,752,264,000	499,004,037,900	1,625,086,000	134,742,996,240
February'17	7,070,276,840	338,962,416,331	1,472,512,500	114,517,587,325
March'17	5,415,668,650	262,459,844,592	1,311,152,500	80,238,058,460
April'17	4,814,369,070	259,257,711,001	1,121,951,500	81,890,980,555
May'17	7,439,900,130	424,250,133,391	1,240,677,000	107,855,055,085
June'17	4,629,415,390	229,824,114,629	906,179,500	71,016,452,385

SUMMARY OF NUMBER OF TRADING RIGHT ENTITLEMENT (TRE) CERTIFICATE HOLDERS:

Summary Of Trading Right Entitlement (TRE) Certificate Holders of Pakistan Stock Exchange Limited (PSX)				
Deletion of TRE Certificate during the period from July 01, 2016 to June 30, 2017				
Location	TREC as on July 1, 2016	Forfeited/Expelled/Under Litigation	Relinquishment/ Surrender	TREC as on June 30, 2017
Karachi	192	-	14	178
Lahore	121	1	2	118
Islamabad	84	2	5	77
Total	397	3	21	373

SUMMARY OF CUSTOMER COMPENSATION FUND:

Summary of Centralized Customer Protection Compensation Fund (PSX Investors Protection Fund)

As at June 30, 2017

Particulars	Amount (Rupees)
Opening Balance July 1, 2016	2,791,013,814
Contributions during the year	247,515,239
Amounts Utilized during the year	
Management Fee	(128,368,184)
Audit Fee	(162,000)
Others	(1,865)
Fund Position as at June 30, 2017	2,909,997,004

MARKET REVIEW FY 16-17:

KSE-100 Index started the year strong at 37,783 points and made its all-time peak at 52,876 points on 24 May 2017. KSE-100 Index shed 4,026 points in June 2017 (highest in history) and closed the fiscal year at 46,565 points.

The following are the two significant factors which accounted for the decline in KSE-100 Index and the bearish market sentiments during the close of FY 16-17:

- **Political uncertainty over the Panamagate issue:** Political uncertainty took the front seat as investors were concerned about the outcome of the JIT investigations probing offshore wealth of the Sharif family.
- **Absence of foreign inflows after PSX's inclusion to the MSCI EM Index:** In FY 16-17, PSX witnessed massive foreign selling of USD 652 Million (PKR 68.5 Billion). Contrary to expectations of net inflows worth USD 300 – 500 Million post MSCI EM inclusion on June 01, 2017, foreign inflows by foreign individuals amounted to only USD 7.9 Million after the inclusion date.



For us at PSX, the spirit of leadership goes beyond words. It is through our attitude & actions that we ignite this spirit. Integrity is the defining quality of our leadership and it is unquestionable. This undeniable quality is what drives our success and everything we do. We know that it is only through our spirit of leadership that we can translate our vision into reality.



LEADERSHIP IN ATTITUDE AND ACTIONS



Board of

Starting from Left to Right

Mr. Muneer Kamal

Mr. Haroon Askari

Mr. Samir Ahmed

Mr. QUE Bo

Mr. Ahmed Chinoy

Mr. Moin M. Fudda

Mr. Abid Ali Habib



Directors

Starting from Left to Right

Ms. Rahat Kaunain Hassan

Ms. Yu Huali

Mr. Tawfiq A. Hussain

Mr. Muhammad Naeem

Mr. Li Peng

Mr. Zhiping Rong

Mr. Muhammad Rafique Umer



PSX

**DIRECTORS'
PROFILES**





Mr. Muneer Kamal

CHAIRMAN

Mr. Muneer Kamal is the Chairman of Pakistan Stock Exchange [“PSX”] and has over 35 years of extensive experience in banking and financial sector. With an MBA degree from the University of Karachi, his career started with Citibank where, between November 1979 and July 1994, he served locally and internationally on various senior positions including his term as Director, Head of Country Public Sector and Financial Institutions. During this association, he also attended a number of training courses / programs in Far East, Middle East and Africa.

Mr. Kamal then joined Faysal Bank Limited as President/CEO and led to spread out its operations from 3 branches to 11 and also expanded the balance sheet size from Rs.3 billion to Rs.30 billion.

Mr. Kamal also held the position of President/CEO, and then as Vice Chairman and Chief Operating

Officer (International) of the Union Bank Limited, where he had been instrumental in various acquisitions done by Union Bank Limited i.e. Bank of America, American Express Credit Cards, Emirates Bank International and Mashreq Bank, Sri Lanka. As a result, Union Bank emerged as a success story and was ably acquired by Standard Chartered Bank.

After his stint with Union Bank, Mr. Kamal began his association with KASB Group - first as President/CEO of KASB Bank Limited from November 2005 to August 2010 and then as Vice Chairman of KASB Group. For KASB Bank, he again oversaw the manifold expansion of operations coupled with acquisition of other entities and introduction of new and modern products, services, policies, procedures and systems.

Mr. Kamal also served as Chairman of National Bank of Pakistan.

Besides acting as Chairman of the PSX Board, Mr. Muneer Kamal is also the Chairman of Nomination Committee and Human Resources & Remuneration Committee and acting as a member of Divestment Committee.

Other Directorships & Offices:

- Director, Government Holdings (Private) Limited
- Director, Engro Corporation Limited
- Trustee, Shaukat Khanum Memorial Cancer Hospital & Research Centre
- Director, Karachi Education Initiative



Mr. Haroon Askari

MANAGING DIRECTOR

Mr. Haroon Askari has been associated with Pakistan Stock Exchange Limited since December 2005. During this tenure, he served in various senior management capacities including initially as Head of Operations and later as Deputy Managing Director of the Exchange since August 2011. Upon expiry of the term of appointment of Mr. Nadeem Naqvi, the Board of Directors appointed Mr. Askari as the Acting Managing Director with effect from June 16, 2017 till the formal appointment of new Managing Director.

Mr. Askari holds a B.Sc. Degree from University of Karachi (D.J. Science College) and has also completed one year post graduation diploma in Business Administration from the Institute of Business Administration, Karachi. He has an extensive local and foreign experience in the fields of capital market, brokerage, media, real estate and textiles. Prior to joining Stock Exchange, he was involved in real estate and textile businesses and had also served as CEO of Sun TV.

With a deep insight of stock market operations, brokerage business and with his personal contacts with multiple international bourses and foreign dignitaries, he has made significant contributions for the Exchange's business growth. He is regularly invited to attend various seminars, conferences and events related to securities and capital market operations, within and outside the country, and remained a key note speaker at various occasions.

In the role of Deputy Managing Director of the Exchange, Mr. Askari looks after the overall operations of the Exchange and the functional areas of Company Affairs, Trading & Member Affairs, Administration, Information Technology and HR and ensures compliance of requirements provided in relevant laws, rules, regulations and directives, including the matters related to demutualization and divestment of shares of the Exchange.

Mr. Askari has been actively involved in resolution of the Exchange's operational matters with the SECP, TREC holders, Government Agencies including Provincial land and utility authorities etc. He is also managing regulatory aspects of operations along with day to day affairs of infrastructure management, IT Procurement, HR operations, Union (CBA) affairs and overall physical security of the Exchange, including but not limited to new building project, electrical/ engineering works and complaint resolutions.

Mr. Askari has been nominated by PSX to serve as a Director on the Boards of National Clearing Company of Pakistan Limited, Institute of Financial Market of Pakistan and JCR-VIS Credit Rating Company Limited. He has also been appointed as the Chairman of Listing Committee, the Convener of Voluntary De-listing Committee and a member of Investment Committee, Taxation Committee and IT & IS Steering Committee.

Other Directorships:

- Director, National Clearing Company of Pakistan Limited
- Director, Institute of Financial Markets of Pakistan
- Director, JCR-VIS Credit Rating Company Limited



Mr. Samir Ahmed

DIRECTOR

Mr. Samir Ahmed has over 30 years of experience in the financial sector, including Investment Banking, Commercial Banking, Capital Markets and Financial Regulation. Presently he is the CEO of Knightsbridge Capital (Private) Limited, a project structuring, management and advisory firm. He is also an Adjunct Faculty member at the SulemanDawood School of Business at Lahore University of Management Sciences.

Mr. Ahmed has an M.Sc. in Management from London Business School and B.A. in Economics from the University of Chicago. Besides working in Pakistan, he has also worked in the Middle East and Asia-Pacific regions. He is also a certified director from Lahore University of Management Sciences.

Mr. Ahmed possesses a thorough understanding of capital markets. He was the CEO of Pakistan Mercantile Exchange from August 2009 to

September 2012 and Managing Director of the former Lahore Stock Exchange from 2001 to 2004. Earlier he was engaged as Senior Advisor to Dubai Financial Market, on behalf of Government of Dubai from 1999 to 2001. In between, he worked as the CEO of IGI Investment Bank Ltd for the period from 2004 to 2009.

Mr. Ahmed is nominated by PSX to serve as a Director on the Board of Pakistan Mercantile Exchange Limited. At PSX, besides being an independent director on the Board, he has also been nominated as member of Audit Committee, Voluntary De-listing Committee, Investment Committee, Taxation Committee, Trading & Commercial Affairs Committee and Market Development & New Products Committee of the Board.

Other Directorships:

- CEO, Knightsbridge Capital (Private) Limited
- Director, Omar Jibran Engineering Industries Limited
- Director, Pakistan Mercantile Exchange Limited



Mr. QUE Bo

DIRECTOR

Mr. QUE Bo is serving as Non-Executive Director on the Board of Pakistan Stock Exchange Limited ["PSX"], being a nominee of Shanghai Stock Exchange ["SSE"].

Mr. QUE is a qualified Doctor of International Economic Law from East China University of Political Science and Law. Mr. QUE graduated in Law in July 1991 and completed his masters in International Private Law from the same University in July 1994.

Mr. QUE joined SSE in 1994 and served in a variety of functional departments and executive positions during his association with the Exchange. Currently, he is serving as Executive Vice President of SSE.

At PSX, besides being a director on the Board, he has also been nominated as member of the Audit Committee and Listing Committee of the Board.



Mr. Ahmed Chinoy, H.I., S.I.

DIRECTOR

Mr. Ahmed Chinoy is an elected Director on the Board of Pakistan Stock Exchange Limited. He is the Managing Partner of Arch Sons Group of Companies and is engaged in overseeing various businesses such as security investments, textiles, real estate and poultry farming.

Mr. Chinoy is qualified from Institute of Cost & Management Accountants of Pakistan (ICMAP) and holds a graduate degree in Commerce from University of Karachi. He is also a certified director from Pakistan Institute of Corporate Governance.

Mr. Chinoy is a prominent business and social figure in Pakistan. He has served the society in different capacities in the areas of business, education, health, crime prevention and other social services and has rendered invaluable services to the

nation in these fields. He has successfully served as Chief of Citizen Police Liaison Committee, Sindh (a citizens' body for prevention of crimes) from the year 2010 to 2015. He has also been actively serving on the Boards of various hospitals and educational institutions and has been heading the Memon Community as the President of All Pakistan Memon Federation. Previously, he has served on the Managing Committee of Federation of Pakistan Chamber of Commerce & Industry for many years and has also remained as Chairman of Pakistan Cloth Merchants' Association (the apex body of textile exporters). For his services to the people of Pakistan, he has been awarded prestigious national awards of Hilal-e-Imtiaz (H.I.) and Sitara-e-Imtiaz (S.I.)

Mr. Chinoy is nominated by PSX to serve as a Director on the Boards of National Clearing Company of Pakistan Limited and Pakistan Mercantile Exchange Limited. He has also been appointed as the member of Voluntary De-listing Committee, Investment Committee, Taxation Committee, Market Development & New Products Committee and Divestment Committee.

Other Directorships and offices:

- Managing Partner, Arch Sons
- Partner, Arch Industries
- Director, AKD REIT Management Company Limited
- Director, Creek Developers (Private) Limited
- Managing Partner, Lotus Properties
- Partner, Golden Livestocks
- Partner, Al-Karam Builders & Developers
- Partner, Al-Karam Lagoon
- Director, National Clearing Company of Pakistan Limited
- Director, Pakistan Mercantile Exchange Limited



Mr. Moin M. Fudda

DIRECTOR

Mr. Moin M. Fudda has over 40 years of rich and unique blend of professional experience which encompasses working for the corporate sector and performing diplomatic duties. He holds an MBA (Insurance & Risk Management) from St. Jones University, New York, and B.S. (Insurance & Economics) from R.C.D. College of Insurance, Tehran. In his former role as Managing Director of Karachi Stock Exchange or "KSE" (now Pakistan Stock Exchange Limited or "PSX"), he helped in the formation of Pakistan Institute of Corporate Governance (PICG). He is a Certified Corporate Governance Trainer by International Finance Corporation (IFC) since 2010 and is a Member of Faculty as well Nominee Director of PSX on the Board of PICG.

Since 1990, he has been serving as the Honorary Consul General of New Zealand for Pakistan. Besides, he is a Country Representative for SCOR – A Global Tier-1 Reinsurer. He is a Member of Board of Directors of Karachi Council on Foreign Relations and a Member, Executive Committee of English Speaking Union of Pakistan. Moreover, since 2003, he continues to serve as Chairman and/or member of various Alternate Dispute Resolution Committees (ADRC) formed by the Federal Board of Revenue.

He worked for American Internationals Group (AIG) in its head office and as an Adjunct Assistant Professor at The College of Insurance in New York. He has been the Executive Director - Reinsurance, Pakistan Insurance Corporation; Country Chief of New Zealand Insurance and Commercial Union (now AVIVA) and founder Managing Director of Commercial Union Life (now Jubilee Life Insurance). He has served on Technical Committees of Economic Cooperation Organization (ECO) Reinsurance Pool and Federation of Afro Asian Insurers and Reinsurers Pool (FAIR).

He was nominee Director of Management Association of Pakistan (MAP) on the Board of the then KSE in 1999-2000 and thereafter as its Managing Director from 2002 to 2005. During the same period, on behalf of KSE, he was nominated and elected as the Chairman of the Board of National Clearing Company of Pakistan Limited, Chairman of the Audit Committee of the Board of Central Depository Company of Pakistan and a founding Managing Director of the National Commodity Exchange (now Pakistan Mercantile Exchange Limited). He represented KSE at South Asian Federation of Exchanges (SAFE), and Chaired the Corporate Governance Task Force of the Federation of European & Asian Stock Exchanges (FEAS).

From September 2005 till January 2016, he remained Country Director of Center for International Private Enterprise (CIPE) Pakistan. From February 2015 to December 2015 as a Nominee Director of SECP, Mr. Fudda also served as Chairman of the Board of former Islamabad Stock Exchange Limited and helped in integration of the three Stock Exchanges. Earlier he held other prominent positions such as Presidents of the Overseas Investors Chamber of Commerce & Industry (OICCI), Management Association of Pakistan (MAP), and the Karachi Boat Club. He has also been a Founding Director of National Center for Disputes Resolution (NCDR formerly KCDR), a Board Member of Privatization Commission and Board of Investment (Government of Pakistan), Pakistan Institute of Management (PIM), Federation of Pakistan Chamber of Commerce & Industry (FPCC&I) and Pakistan Britain Business Advisory Group. He was appointed as Member of the Committees on Anti-Money Laundering and Transfer Pricing by SECP and a member of National Policy Platform for Competitiveness & Economic Growth by Ministry of Economic Affairs. He was a Member of the Task Force formed in 2009 to review Code of Corporate Governance. He advocated for development of Rules of Corporate Governance for Public Sector Enterprises (PSEs) and as an active member of Task force formed by Ministry of Finance, he ensured enactment of these rules. Mr. Fudda also remained an Independent Director & Chairman of the Audit Committee at Wyeth Pakistan Limited.

Mr. Fudda's achievements have been recognized through various accolades bestowed upon him. In 2006, Mr. Fudda was awarded Sitara-e-Imtiaz (S.I.) conferred by the President of Pakistan. In 2002, he was recognised as the Honorary Officer of the New Zealand Order of Merit (ONZM) and in 1990, NZ Commemoration Medal was conferred by the Queen of New Zealand. In the year 1989, Mr. Fudda was awarded the Best Managers Award by Institute of Business Administration (IBA), Karachi.

He is a nominee Director of SECP on the Board of PSX and is a member of Regulatory Affairs Committee, Audit Committee, Human Resources & Remuneration Committee, Voluntary De-listing Committee and Listing Committee of the Board.

Other Directorships and Offices:

- Independent Director, Al-Meezan Investment Management Limited
- Director, Pak Suzuki Motor Company Limited
- Nominee Director of PSX, Central Depository Company of Pakistan Limited (CDC) & Chairman of Audit Committee and Regulatory Affairs Committee of CDC
- Nominee Director of PSX, Pakistan Institute of Corporate Governance (PICG)
- Nominee Director of CDC, IT Minds Limited



Mr. Abid Ali Habib

DIRECTOR

Mr. Abid Ali Habib is a shareholder-director of Pakistan Stock Exchange Limited ["PSX" or "the Exchange"] and he has an experience of over 25 years in the capital market. He was the Chairman and Chief Executive of Abid Ali Habib Securities (Private) Limited and was the Director of Aba Ali Habib Securities (Private) Limited, the corporate TREC-holders of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange.

Mr. Habib has been nominated as the Director on the Board of Central Depository Company of Pakistan Limited ["CDC"] by PSX's Board. Mr. Habib has been appointed by the Board of CDC as the Vice-President of Disciplinary Tribunal and also as a member of its Investment Committee.

Presently, Mr. Habib is the Chairman of Trading and Commercial Affairs Committee of PSX's Board. He is a member of the Listing Committee, Voluntary De-listing Committee, Investment Committee, and Market Development & New Products Committee of PSX's Board. He has actively contributed in the Listing

Committee, reviewing the cases of new listings and suggesting adequate disclosures for the offering documents. In the Voluntary Delisting Committee, he has played an active role in the determination of share buy-back price by negotiating with the company's sponsors. He was also a member of the Divestment Committee.

As a member of the Divestment Committee, Mr. Habib played an active role in the strategic sale of shares to the Chinese Consortium. He reviewed the Expressions of Interest (EOIs) received by the Committee during the strategic sale of PSX and forwarded them along with desired comments to SECP for further assessment. Subsequent to the strategic sale, he remained involved in the process of offer for sale of PSX shares and self-listing of PSX. He was involved in determination of floor price of PSX shares for the book-building and selection of Consultant to the Issue and Book-Runner to the Issue. He actively participated in the road-shows held to promote the self-listing of PSX.

Mr. Habib became a member of the Exchange in 1988 and has been elected on the Board of Directors of the Exchange a number of times since 1995. As a director, he has served on various Committees constituted by the Board, as Chairman or as member. Mr. Habib was a prominent member of brokers' community at PSX and has rendered an invaluable contribution towards the betterment and growth of the Exchange.

He played a significant role in the landmark integration of the exchange operations of the former Lahore and Islamabad Stock Exchanges with the erstwhile Karachi Stock Exchange on January 11, 2016 and emergence of the latter as the single, unified stock exchange of the country, renamed as Pakistan Stock Exchange Limited.

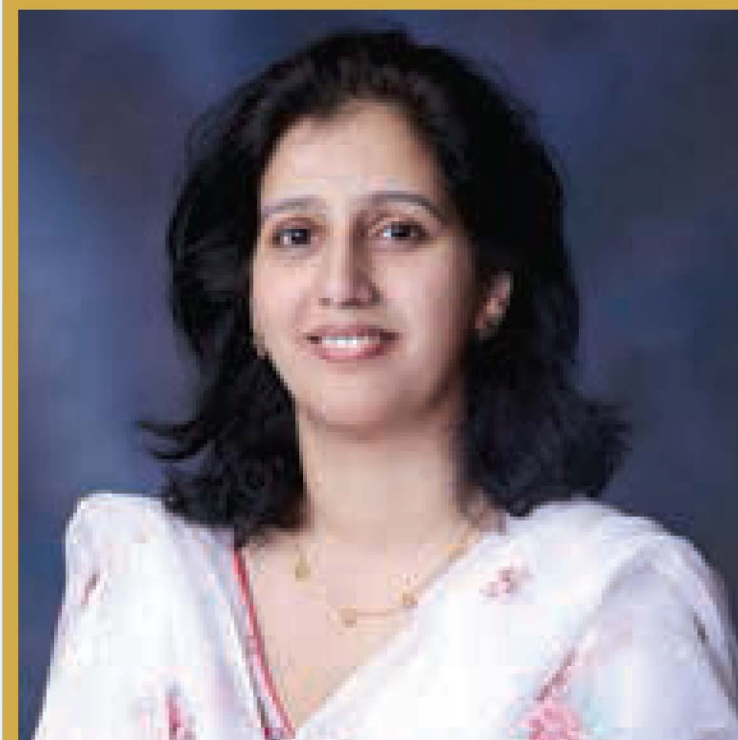
As a member of Demutualization Committee of KSE during the years 2005, 2006 and 2010, Mr. Habib was the key figure in preparation of Preliminary Report on proposed demutualization of KSE, identifying various issues and recommendations thereon, in line with existing models and international practices. Ultimately, the objectives of corporatization and demutualization were achieved in 2012.

Mr. Habib held the position of Chairman, Companies Affairs/Corporate Governance Committee of KSE for the years 2010 and 2011. During this term, a number of tasks were initiated and successfully completed, having positive impact on overall regulatory environment of the Exchange. Some of the major achievements included (i) various amendments in Listing Regulations; (ii) action against delinquent/non-performing companies in violation of Listing Regulations; (iii) revision of annual listing fee; (iv) mechanism for verification of rumor mongering in the market pertaining to listed companies/securities; (v) implementation of revised Code of Corporate Governance; (vi) measures for disclosure of information to market participants/investors pertaining to sale/purchase of securities by any director, CEO or executive or their spouses; and (vii) revision of criteria for selection of Top Companies. He played the central role in conceptualization, planning and design of internet-based order routing system and also supervised, implemented and tested Karachi Automated Trading System.

He has attended various professional courses on the capital markets, including participation in a Course conducted by US Securities and Exchange Commission.

Other Directorships and Offices:

- Director, Central Depository Company of Pakistan Limited & Vice-President of Disciplinary Tribunal and member of Investment Committee of CDC



Ms. Rahat Kaunain Hassan

DIRECTOR

Ms. Rahat Kaunain Hassan is the Founder and Senior Partner at Hassan Kaunain Nafees, Legal Practitioners & Advisers (HKN). As Britannia Chevening Scholar, she read Law at the King's College London and was awarded the L.L.M. degree.

Ms. Hassan obtained her L.L.B degree from University of Punjab and B.A. from Kinnaird College, Lahore.

In recognition of her professional standing, Ms. Hassan was appointed as one of the founding members of the Competition Commission of Pakistan (CCP), and played a significant role in regulation of anti-competitive practices during her tenure from 2007 to 2013. For the later part of her term at CCP (2010-2013), she served as Chairperson. At CCP, she was instrumental in the establishment of the Office of Fair Trading and helped CCP acquire international acclaim for distinctive competition law enforcement.

Earlier, she also served at the Securities and Exchange Commission of Pakistan, as General Counsel/Executive Director. She was also a Partner in Amhurst Brown, Solicitors – Barristers, Islamabad before she founded HKN.

Ms. Hassan is also Chairperson of 'Women on Board Pakistan'; a recent initiative of South Asian Federation of Exchanges (SAFE), which aims at having and building an inclusive approach towards empowering women with emphasis on decision and policy making roles including participation in corporate boards.

Ms. Hassan is a recipient of Women of Achievement Award – 2010, Wonder Women Award – 2013 and was recognized as one of 100 successful women in anti-trust globally by Global Competition Review in 2013. She has also been nominated for Sitara-e-Imtiaz.

Besides being an independent director on the Board of PSX, Ms. Rahat Kaunain Hassan is a member of its Nomination Committee and Regulatory Affairs Committee.

Other Directorships:

- Director, Archroma Pakistan Limited
- Director, KSB Pumps Limited
- Director, Lead Pakistan



Ms. Yu Huali

DIRECTOR

Ms. Yu Huali is serving as Non-Executive Director on the Board of Pakistan Stock Exchange Limited [“PSX”], being a nominee of Shenzhen Stock Exchange [“SZSE”].

Ms. Huali graduated in Computer Sciences Engineering from Huazhong University of Science and Technology, in 1990. Later on, she completed her Masters in Business Administration from Amoy University, in 2003.

Ms. Huali has been serving as Chief Engineer (CIO) of SZSE since June 2017. She has held positions of Vice Chief Engineer (CTO) of SZSE since 2012 and Director of IT Strategy and Planning Department in SZSE, during her tenure from 2011 to 2015.

At PSX, besides being a director on the Board, she has been nominated as member of IT & IS Steering Committee and Market Development & New Products Committee of the Board.



Mr. Tawfiq A. Hussain

DIRECTOR

Mr. Tawfiq A. Hussain is the Chief Executive Officer/Secretary General of Pakistan Banks Association, the representative body of the banking industry of Pakistan. He is also the Chairman of Pakistan Institute of Corporate Governance.

Mr. Hussain is a seasoned banker and has immensely contributed to Pakistan's banking sector over the years. Mr. Hussain did his Masters in Business Administration (Finance & Marketing) from Institute of Business Administration, Karachi, and B.Sc. (Hons) in Mathematics from University of Karachi.

Mr. Hussain was the first person from private sector to be appointed Deputy Governor, State Bank of Pakistan (SBP). During his two terms there (2001-2006), he led capacity building in critical areas like risk management, banking supervision, reserve management, etc. and participated in banking sector reforms, banks' privatization program and market liberalization. As SBP nominee, he served on the Securities and Exchange Policy Board as well. He also

served as the President & CEO, Samba Bank Limited, Pakistan, (May 2008-Sept 2013). Mr. Hussain has also held the position of Senior Director & Country Manager, American Express Bank, Pakistan, from 1995 to 2001.

In addition to being an independent director on the board of PSX, Mr. Tawfiq A. Hussain is also the Chairman of Regulatory Affairs Committee, as well as member of Human Resources & Remuneration Committee and Nomination Committee.

Other Directorships:

- Chief Executive Officer / Secretary General, Pakistan Banks Association
- Chairman, Pakistan Institute of Corporate Governance



Mr. Muhammad Naeem

DIRECTOR

Mr. Muhammad Naeem is a Chartered Accountant by profession since 1967 both in individual capacity and as a former partner of Muniff Ziauddin & Co. He is a fellow member of Institute of Chartered Accountants of Pakistan (ICAP). He qualified as CPA from State of California (USA) in 1976 and has been a member of American Institute of Certified Public Accountants. At ICAP, he has served as a Council Member and Vice President.

Mr. Naeem did his Bachelors in Commerce with Honours from Hailey College of Commerce, Lahore and Masters in Business Administration from Institute of Business Administration, Karachi.

Mr. Naeem has been appointed at important positions in Pakistan's financial market. He is currently a member of Audit Oversight Board established under Securities & Exchange Commission of Pakistan Act, 1997. He is also serving as the Director of one of the largest Pakistani bank,

National Bank of Pakistan. He has also remained the Chairman of former Lahore Stock Exchange (LSE). At LSE, he has been nominated as the Chairman, Funds Committee.

Mr. Naeem also had the opportunity to serve as the Vice President and member of Executive Committee of Lahore Chamber of Commerce & Industry.

Securities & Exchange Commission of Pakistan has also nominated Mr. Naeem as the Chairperson of Small Disputes Resolution Committee. Moreover, he has also served as the Council member & President of Lahore Tax Bar Association. Mr. Naeem has also served as Treasurer of Pakistan Cricket Board & Asian Cricket Council.

In addition to being an independent director on the Board of PSX, in view of his vast accounting and auditing experience, Mr. Naeem has been appointed as the Chairman of Audit Committee as well as the member of Regulatory Affairs Committee of PSX Board.

Other Directorships and Offices:

- Director, National Bank of Pakistan
- Director, National Refinery Limited



Mr. Li Peng

DIRECTOR

Mr. Li Peng is a nominee Director of Pak China Investment Company Limited [“PCICL”] on the Board of Pakistan Stock Exchange Limited [“PSX”]. Mr. Li graduated in Economic Sciences from Beijing Normal University, China, in 1993 and did his masters in Economics with major in International Finance from the same University in 1996. Later on, he obtained Master’s Degree in Banking and International Finance, from Cass Business School, United Kingdom, in 2005.

From 2006 to 2015, Mr. Li was associated with China Development Bank and has held positions of Deputy Director General, Residential Mission Germany; Director, Global Cooperation Department; Vice Governor Assistant; and Deputy Director, International Finance Department. Mr. Li also served as Deputy Director, Department of Outward Investment and Economic Cooperation, in Ministry of Commerce of the People’s Republic of China, during 2005-06. Presently, he is serving as the Vice Chairman of the Board & Managing Director of PCICL.

At PSX, besides being a director on the Board, he has also been nominated as member of Human Resources & Remuneration Committee and Market Development & New Products Committee of the Board.

Other Directorships:

- Managing Director, Pak China Investment Company Limited



Mr. Zhiping Rong

DIRECTOR

Mr. Zhiping Rong is serving as Non-Executive Director on the Board of Pakistan Stock Exchange Limited ["PSX"] representing China Financial Futures Exchange ["CFFEX"].

Mr. Zhiping graduated from the College of Armored Forces Engineering, Liberation Army, China, in the year 1984, after which he completed his masters in Engineering from the same institution in 1987. He also holds a master's degree in Finance from Lancaster University, United Kingdom.

Mr. Zhiping joined CFFEX in October, 2012 and is currently serving as Executive Vice President of CFFEX. Formerly, he has held positions of Executive Vice President at China Re-Asset Management Company Limited and Deputy Director of Treasury Department at China Development Bank.

At PSX, besides being a director on the Board, he has also been nominated as member of the Nomination Committee and Market Development & New Products Committee of the Board.

PSX Management Team



Sitting (From Left to Right)

Mr. Abbas Mirza
Mr. Shafqat Ali
Mr. Muhammad Rafique Umer
Mr. Haroon Askari
Mr. You Hang
Mr. Ahmed Ali Mitha
Mr. Sani-e-Mehmood Khan

Standing (From Left to Right)

Mr. Mohammad Abdullah
Mr. Riaz Ahmed Khan
Mr. Mohammad Ghufraan
Ms. Uzma Wajid
Mr. Farhan Ansari
Mr. Arif Rehman
Mr. Aamir Nazir
Mr. Nisar Qazi

GM / Acting Chief Regulatory Officer
General Manager
Company Secretary / GM - Law & Corporate Affairs
Managing Director
Deputy Managing Director
Chief Financial Officer
GM - Product Development, Research & Marketing

Head of Special Projects
Chief IT Coordinator / Officiating Head of IT
DGM - Operations
Head of Human Resource
Head of Internal Audit
Chief Information Security Officer
DGM - Finance & Treasury
DGM - Administration

PSX Regional Offices



Islamabad Regional Office Team



Lahore Regional Office Team



PS

**SENIOR MAN
PROF**

X

AGEMENT'S
ILES



Mr. Haroon Askari

MANAGING DIRECTOR



Mr. Haroon Askari's association with Pakistan Stock Exchange (formerly Karachi Stock Exchange) dates back to December 2005. His relentless pursuit for excellence has enabled him to perform in various management capacities. He began as Head of Operations and was later given the position of Acting Managing Director of the Exchange from November 2010 to April 2011 due to his commitment and dedication. His role as Deputy Managing Director commenced in August 2011. Mr. Askari is presently fulfilling the responsibilities as Acting Managing Director since June 16, 2017.

Mr. Haroon Askari holds a BSc. Degree from University of Karachi (DJ Science College), and has also completed one-year post-graduation diploma in Business Administration from Institute of Business Administration, Karachi.

He possesses vast local and international experience in the fields of capital market, brokerage, media, real estate and textiles.

Prior to joining the Stock Exchange, Mr. Haroon Askari was involved in real estate and textile business and left his mark as the CEO of the Sun TV, the first ever Stock Market channel in Pakistan. Possessing a deep insight of the stock market operations, brokerage business and with his personal contacts in multiple international bourses and foreign dignitaries, Mr. Askari has been a prominent figure contributing immensely to the growth of the Exchange's business during the process of demutualization, stock exchange divestment and self-listing on PSX.

He has also been an active participant in various seminars/conferences on Securities and Capital Market Operations, locally and internationally, and remained a key note speaker on most of the occasions. Mr. Haroon Askari in his current capacity as the Acting Managing Director and, in his previous capacity as the Deputy Managing Director of the Exchange is looking after the overall operations of the Exchange and the areas of Company Affairs, Trading & Member Affairs, Administration and HR.

Mr. Askari is also personally involved in the resolution of the Exchange's strategic issues and operational matters with the SECP, TREC holders and government agencies. Mr. Askari has been recognized and appreciated for his role in the process of Pakistan achieving MSCI Emerging Market status. He has further been nominated by PSX to serve as a Director on the Boards of National Clearing Company of Pakistan Limited, Institute of Financial Market of Pakistan and JCR-VIS Credit Rating Company Limited. Adding to his accolades, he has also been appointed as the Chairman of Listing Committee, the Convener of Voluntary De-listing Committee and a member of Investment Committee, Taxation Committee and IT & IS Steering Committee. He also holds Directorship of three other companies i.e. (1) Director, National Clearing Company of Pakistan Limited; (2) Director, Institute of Financial Market of Pakistan; (3) Director, JCR-VIS Credit Rating Company Limited.

Mr. You Hang

DEPUTY MANAGING DIRECTOR

Mr. You Hang is the Deputy Managing Director of the Pakistan Stock Exchange. He is one of the inaugurators of China Financial Futures Exchange (CFFEX). He is a seasoned expert who has strategically fulfilled the responsibility of domestic and international financials, marketing and operational functions. He is specialized in Exchange operations, designing / management of financial derivatives as well as data marketing. He is an experienced financial analyst in equity, fixed income, and FX derivatives with strong quantitative and analytical skills. He also has a diplomat experience with superior communication, organizational and interpersonal skills with fluency in English as well as in his mother tongue Mandarin.

Mr. You Hang has completed his Master of Public Policy concentrated in Finance on Dean's Fellowship from The University Of Chicago, USA and Bachelor of Engineering from East China University Of Technology, Shanghai, from where he graduated with honors.

Mr. You Hang is currently associated with China Financial Futures Exchange (CFFEX) for last 11 years and has served them in the capacity of Director, Executive Office/Equity Index Derivatives Department / FX Derivatives Department and Deputy Director- Market Data Department.

Prior to that, he was associated with Shanghai Futures Exchange in the capacity of Manager, Financial Futures Department where he served for more than 2 years. He has also served as Financial Analyst in Chicago, Assistant Manager Research & Development Department in SIIC Hong Kong and as Project Manager at Shanghai Municipal Foreign Affairs Office, Australia/China for all together 6 years.



Mr. Muhammad Abbas Mirza

GM / ACTING CHIEF REGULATORY OFFICER

Mr. Abbas Mirza has professional working experience of over 21 years in diversified business sectors including Capital Markets, Banking, Development Financial Institutions, Telecom, Advertising & Marketing. He has served in different capacities, leading to senior management level roles including as General Manager, Head of department, Head of Division(s) and Head of various independent projects. Mr. Mirza has a successful track record and he is considered a dedicated professional who is detail-and-target oriented. He has expertise in policy making, re-structuring, managing large teams and ensuring timely deliveries. He has played a key role in formulating effective strategies that positively impacted P&L of various organizations. Among other achievements, he has to his credit the launch of Pakistan's first Online Stock Trading Portal for a leading stock brokerage house and setting up a brokerage company for Pakistan Kuwait Investment Company of Pakistan.

He joined PSX in 2008 and served in capacities of Deputy General Manager to General Manager Operations where he was responsible for trading & broker dealers affairs, customer services, Investors relations, dispute resolutions and claim settlements. He has been instrumental in introducing regulatory amendments to effectively and stringently regulate the Stock Market for ensuring fair and orderly market for all, and to promote compliance culture among regulated entities. He has been involved in liaising with Govt. Agencies including NAB, FIA, Prime Minister Inspection Commission and Federal/Provincial Ombudsman in various matters of investors' complaints and litigations. He is member of multiple significant nature committees of Capital Market formed by Securities & Exchange Commission of Pakistan including Oversight Committee constituted under Joint Inspection Regulations 2015. He is also a core member of Risk Management Committee of National Clearing Company of Pakistan.

Presently he is serving as head of Regulatory Affairs Division in the capacity of Chief Compliance Officer and Acting Chief Regulatory Officer. He holds degree in Masters of Business Administration (MBA) and multiple certifications in various business disciplines and completed his four years C.A. articleship with Ernst & Young, a leading firm of Chartered Accountants.



Mr. Muhammad Rafique Umer

COMPANY SECRETARY/ GM LAW & CORPORATE AFFAIRS

Mr. Rafique has been associated with Pakistan Stock Exchange since 2001 and currently holds the position of Secretary to the Board and General Manager, Law & Corporate Affairs of the Pakistan Stock Exchange.

He is a graduate in Commerce and Law from the University of Karachi. He has also cleared selected papers as a regular student of Institute of Business Administration. Further, he availed Banking Diploma and Banking Certificate from Institute of Bankers Pakistan with first position throughout the country. Mr. Rafique has attended seminars & workshops on various subjects, within and outside the country, including Capital Market Compliance & Examination workshop arranged by the US Securities & Exchange Commission at USA. He is also a certified director from Pakistan Institute of Corporate Governance.

Mr. Rafique has local and foreign experience of nearly four decades in the field of finance, banking & capital markets. Prior to joining PSX, he remained with United Bank Ltd; Saudi French Bank (Saudi Arabia) and Atlas Group of Companies. At PSX apart from Company Secretary, he also performs secretarial functions of four Committees, including Regulatory Affairs Committee, Human Resource & Remuneration Committee, Nomination Committee and Divestment Committee. He is one of the Trustees of Investors' Protection Fund and Clearing House Protection Fund of PSX. He also represents PSX at General Meetings of associated and other companies, where PSX has equity stake. In the past, he represented PSX as nominee director on the Boards of Central Depository Company and National Clearing Company of Pakistan Limited.

As Secretary of the Board and various Committees, he ensures compliance with all corporate & secretarial requirements as provided in relevant laws, rules, regulations, directives, Code of Corporate Governance, including the matters related to demutualization and divestment of shares of the Exchange.

Mr. Rafique remained actively engaged in the entire process of corporatization, demutualization, divestment and self-listing of PSX as well as integration of Exchanges and was instrumental in smoothly completing all time-bound activities.

Being Head of Law Department, he arranges to provide required legal opinions/advices, vetting of various agreements, MoUs, contracts, etc. to other departments of PSX internally or from outside counsels. He also represents PSX before various Courts and authorities including SECP, CCP, NAB, FIA, NIRC, Ombudsman, etc. with a view to defend PSX for any adverse legal action or to enforce its rights against any party.



Mr. Ahmed Ali Mitha

CHIEF FINANCIAL OFFICER (CFO)

Mr. Mitha is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and completed his Articleship from one of the Big four firms, AF Fergusons, a member firm of Price Water House Coopers (PWC) International. He is also an Associate member of Institute of Cost and Management Accountants of Pakistan (ICMAP).

He started his career from PWC as an Assistant Manager and brings with him over 24 years of leadership experience in the field of Audit and Finance in both public and private sectors including, cement and textile industries. Mr. Mitha has previously held the position of Executive Director Finance and Company Secretary of National Insurance Company Limited (NICL).

Currently he holds the position of Member cum Secretary of the Taxation Committee of PSX, Investors Protection Fund (PSX), Investment Committee of PSX and also a member of various other senior management committees at PSX. He is also a Member of the Quality Assurance Board of the ICAP. His areas of responsibility, besides managing the Finance department, also includes strategic planning and medium term financial projection development of the Exchange.



Mr. Farhan Ansari (FCA, CIA)

HEAD OF INTERNAL AUDIT

Mr. Farhan Ansari is a fellow member of the Institute of Chartered Accountants of Pakistan as well as a Certified Internal Auditor from the Institute of Internal Auditors-USA. He has around 18 years' experience in the field of Audit and Accounts.

He completed his CA training from EY Ford Rhodes Chartered Accountants. Mr. Farhan has been associated with the Exchange since 2006. Currently, he heads the Internal Audit function of the Exchange and he is also a Secretary to the Board Audit Committee. Prior to joining the Exchange, Mr. Farhan was also associated with Dadex Eternit Limited.

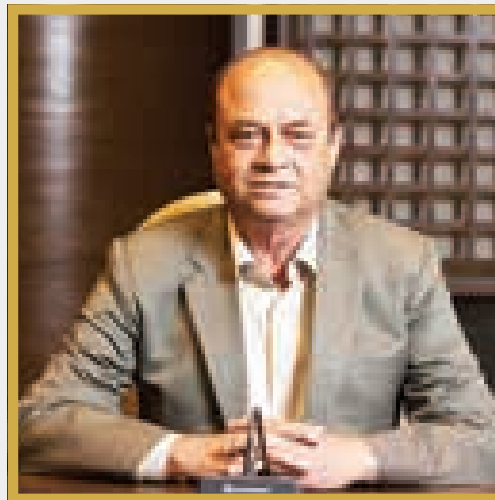


Mr. Riaz Ahmed Khan

CHIEF IT COORDINATOR / OFFICIATING HEAD OF IT

Mr. Riaz Ahmed Khan (Assistant General Manager) has done Master of Science in Information Technology. He has around 32 year experience in the field of Information Technology.

Mr. Riaz has been associated with the Exchange since 1999. Currently, he heads the Information Technology function of the Exchange. Prior to joining the Exchange, Mr. Riaz was also associated with Aarkays Associated (Pvt.) Ltd (Software Consultants), Infosys Software Consultants – assigned to Citibank N.A.



Mr. Arif Rehman

CHIEF INFORMATION SECURITY OFFICER

Mr. Rehman has done his Master of Science in Communications & Signal Processing from Imperial College of Science, Technology and Medicine, University of London, UK and Bachelor of Science in Computer Engineering from Sir Syed University of Engineering & Technology, Pakistan. He also has Investment Administration Qualification (IAQ) as well as Islamic Finance Qualification (IFQ) from Chartered Institute for Securities & Investment (CISI), UK.

He is Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM), Certified Information Security Auditor (CISA), Certified Information Management Professional (CIMP), Certified ITIL Professional, Certified COBIT Professional, Blue Coat Certified Proxy Administrator (BCCPA), Cisco Certified Network Engineer (CCNA) and Prince2 Registered Practitioner (Prince-2).

He is also a member of following professional bodies:

- Pakistan Engineering Council (PEC), Pakistan
- Institute of Electrical Engineers (IEE), UK
- Chartered Institute for Securities and Investment (CISI), UK

Including 7 years of association with Citibank UK, Mr. Rehman has altogether an experience of 11+ years in the areas of Information Security, IT Risk Management and Continuity of Business.





PSX

DEPARTMENTAL
PROFILES



REGULATORY AFFAIRS DIVISION:



Regulatory Affairs Division (“RAD”) is established pursuant to the Plan for Segregation of Commercial and Regulatory Functions of the Stock Exchanges approved by the SECP in the wake of demutualization of the then KSE in August 2012. The RAD is headed by the Chief Regulatory Officer (“CRO”) who reports directly to the Regulatory Affairs Committee (RAC) of the PSX Board. The GM/ Chief Compliance Officer (“CCO”) is responsible for managing day to day operations of the compliance and enforcement functions of the RAD. The CCO has also been assigned the additional responsibility as CRO since February 2017.

The RAD is divided into following departments:

1. Policy & Regulations Development, Litigation and Training Department:

This department is responsible for researching, analyzing, and drafting regulations and framing policies and procedures thereunder, in line with global trends and changing market dynamics. This department works in close coordination with SECP, the operation department of PSX and other key stakeholders for handling regulatory matters. The department prepares working papers for the monthly meetings of RAC, engages in consultation process with public and processes for implementation the new regulations or amendments to the existing regulations. This function reports to CRO.

2. Market Surveillance Department:

This department is responsible for monitoring the behavior of trading activities of all market participants to detect unfair trade practices, market manipulation and breach of relevant PSX Regulations. Further, this department also initiates inquiries and investigations against suspects, provides opportunity of being heard to non-complaint brokers and takes enforcement actions thereof. Moreover, this department also prepares preliminary investigations reports on unusual and irregular trading patterns, which may also involve referral to Securities & Exchange Commission of Pakistan. The department also keeps in touch with a range of market participants to help their understanding of relevant PSX Regulations and assist them in developing better understanding of compliance matters. This function reports to CRO.

3. Companies & Securities Compliance Department:

This department is responsible for continuous monitoring of the compliance of listed companies with the Listing of Companies and Securities Regulations of PSX and Correspondence Manual made thereunder. The department follows up aggressively with the companies for ensuring their compliance with the regulatory requirements and takes requisite enforcement actions against non-compliant companies. This department also suggests amendments to listing regulations to improve the listing standards and to safeguard the interest of minority shareholders. This function reports to CCO.

4. Audit, Inspection, Default & Arbitration Department:

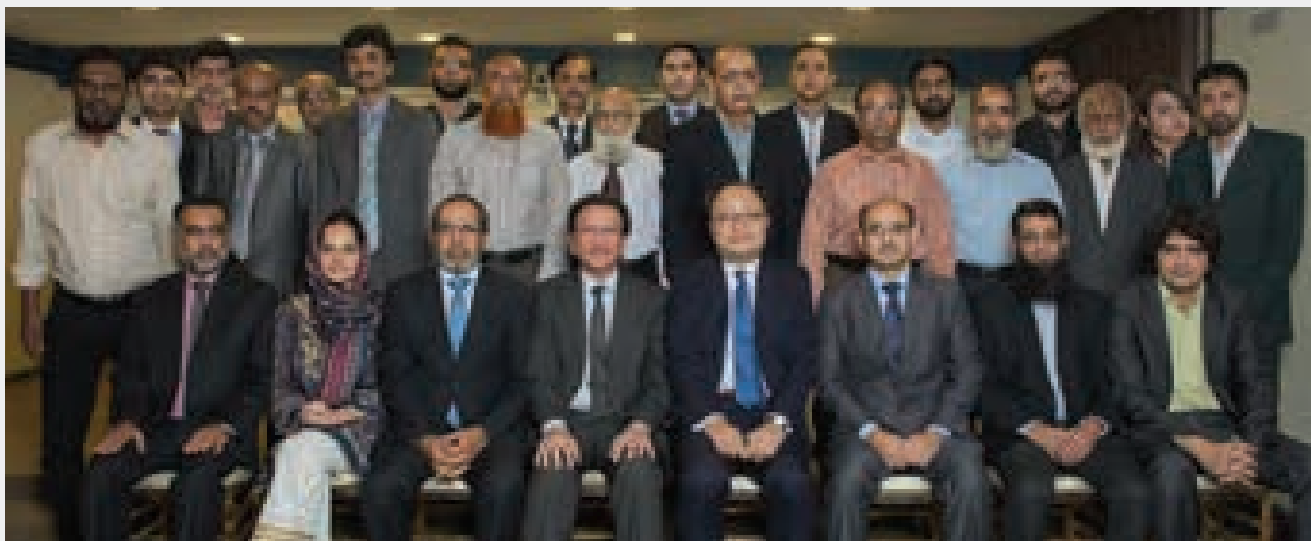
This department is responsible for monitoring compliance and submit its findings to the CCO for taking relevant regulatory enforcement actions against the Brokers with respect to identified non-compliances with the PSX Regulations, SECP Act, Rules & Regulations and Ordinance received through Joint Inspections, System Audits, Internet Based Trading System Audits, Off-Site Monitoring and On-Site Inspections. The function reports to the CCO.

This department also provides a platform to the investors of securities market to raise their concerns/claims/ disputes against the active brokers or brokers whose TRE Certificate has been cancelled or forfeited by the PSX due to regulatory breach. This department receives processes and ensures to complete the mediation and/or arbitration procedure in a timely and transparent manner. Since 2008, PSX has settled claims over Rs.3.0 billion. This function reports to CCO.

5. Joint Inspection Department:

Pursuant to the promulgation of Joint Inspection Regulations 2015, the risk-based joint inspection of brokers was commenced in November 2015. Such inspections are conducted by the joint inspection teams comprising of members from PSX, CDC and NCCPL. The scope of the joint inspection is very comprehensive and focused with respect to complete trade flow. The inspections are carried out under the supervision and direction of Oversight Committee constituted by the SECP that comprises of members from each SRO.

OPERATIONS DEPARTMENT:



Operations Department comprises of three wings namely; (i) Companies Affairs Department (ii) Trading and TREC Holders' Affairs Department and (iii) certain Risk Management Functions including Market Controls.

- (i) **The Companies Affairs Department:** The Department is mainly responsible for Listing of Companies and Securities, Voluntary De-listing of Companies, Selection of Top Companies, Re-composition of KSE Indices, Recovery of Annual and Initial Listing Fee, and Resolution of Investors' Complaints.

Other functions of the department include:

- Handling matters pertaining to increase in paid up capital by way of right issue, other-than-right issue, bonus issue, and recovery of additional listing fee;
- Receipt/ Recovery of annual listing fee;
- Compliance of the procedure of mergers and acquisitions;
- Suggesting/ Preparing amendments in Listing of Companies and Securities Regulations;
- Update and monitor TFCs database and profit payments and redemption schedules;
- Selection of companies eligible for trading on Deliverable and Cash Settled Futures Market;
- Monitoring of cases of non-compliant companies and forwarding the same to RAD;
- Financial Analysis of KSE-100 companies;

- (ii) **The Trading and TREC Holders' Affairs Department:** The major functions of this Department include:

- Management of corporate announcements received through PUCARS;
- Calculation of ex-prices;
- Publication of quotations;
- Activation/ Renewal of Licence as a Securities Broker under the Securities Brokers (Licencing and Operations) Regulations, 2016.
- Transfer of TRE Certificate;
- Agent Registration and its Renewal with PSX and SECP;
- Change of Management / Board of Directors/ Brokerage Houses;
- Collection of Financial Statements of Brokerage Houses;
- Office/ Branch Registration with PSX;

- (iii) **Risk Management & Market Control Function:** All the major functions of risk management have been shifted to NCCPL. However, the department still performs the following functions:

- Calculation of Base minimum capital;
- Monthly collection and review of liquid capital and net capital balance statement;
- Verification and affirmation of NDM trades;
- Issuance of trading and settlement schedules;
- Ensure and monitor trading halt/ suspension of symbol/market.

FINANCE AND TREASURY DEPARTMENT:



The main functions of the Finance & Treasury Department are in line with those functions performed globally and typically include financial reporting, financial planning, organizing and coordinating audits by reputable audit firms, accounting for and controlling the Exchange's finances, maintaining financial controls and treasury and funds management functions. The Finance & Treasury Department has evolved from a traditional accounting department to a comprehensive and advanced Finance & Treasury Department equipped with acknowledged technology and trained human resource. The key functions are summarized below:

Accounts:

The department provides accounting services and financial support and records accounts payable and receivable, payroll, fixed assets and all other financial elements and is involved in:

- i. Maintaining book of accounts;
- ii. Preparation of Financial statements (Quarterly, Half Yearly, Annual);
- iii. Monthly Dashboard reporting; and
- iv. Organizing and coordinating with the Auditors for audits of financial statements.

Corporate & Strategic Planning:

The financial performance is one of the key indicators of a firm's success and is an important element to link strategic goals to performance. The department provides timely and useful information to facilitate strategic and operational control decisions. The department has been instrumental in the following:

- i. Divestment / Strategic Sale of the Stock exchange;
- ii. Listing of PSX;
- iii. Preparation of Concept paper, Financial Valuations with different scenarios, Presentations, Marketing document and coordinating with the Financial Advisors, Auditors, Tax consultants, workings of offer for sale document, etc.

Budget, Forecast & Planning:

This is a critical area of Finance where managerial thinking is a necessity for success and the principal budget factors are considered. Effective strategy, its communication and execution are a necessity for a successful company. The department recognizes these factors and is involved in:

- i. Development of Corporate Strategy plan;
- ii. Preparation of the Budget (OPEX & CAPEX) along with three year projections;
- iii. Budget monitoring of expenses;
- iv. Review on the Financial Results (Quarterly, Half Yearly, Annual) for variance analysis of Actuals vs Budget;
- v. Presentation on the Financial Results to the Board; and

- vi. Dissemination of Budget vs Actual to departments on Quarterly basis.

Treasury Management:

Treasury has increasingly become a strategic business function of the Exchange adding further value to the strengths of the Exchange. The treasury functions are necessary for cash and liquidity management and investment of funds. The key functions include:

- i. Financial planning & maintaining Investment Portfolio and the Funds of PSX in accordance with investment policy; and
- ii. Quarterly Treasury performance reporting to the Board.

Funds:

The Exchange has two specialized trust funds for the capital market, one for clearing house protection (Clearing House Protection Fund-CHPF) and the other for investor protection (Investor Protection Fund-IPF). However, with the establishment of a settlement guarantee fund at NCCPL, the CHPF role has diminished. The IPF is moving forward deemed to be the Centralized Customer Protection Compensation Fund. The Exchange also has a gratuity trust fund for its permanent employees. The key functions in this area include:

- i. Managing Fund (CHPF, IPF & Employees Gratuity Fund);
- ii. Settlement of Claims of Investors;
- iii. Preparation of Financial statements & coordinating with the Auditors;
- iv. Maintaining Books of Accounts; and
- v. Disbursement of divestment proceeds to the shareholders (TREC holders).

Taxation:

This area has evolved from a mere reporting aspect to being much more modern beyond mere compliance management that focuses more on adding value to various aspects of business. The key functions include:

- i. Preparation and finalization of tax proposal for inclusion in Federal Budget in line with the Taxation Committee decisions;
- ii. Correspondence with Tax authorities with respect to tax related matters; and
- iii. Tax Refund of PSX from the Tax Authorities.

Billing:

The billing process of a company is just as important as the product or service that they sell. Recovery of dues is equally important and the functions include:

- i. Monthly reporting to Recovery Department for outstanding dues.

HUMAN RESOURCE DEPARTMENT:



Human Resource Management is expected to play a vital role in the achievement of strategic objectives of the Exchange. The HR functions are guided by an HR Committee, whose purpose is to oversee the effectiveness of Human Resource Management. Primarily, the Committee reviews and recommends HR matters including, but not limited to, the organization structure, compensation policies, development programs, recruitment policies, employee relations etc.

The Department forecasts human resource needs, in consultation with Head of Departments, handles staff training and development programs, manages performance management and appraisal system, manages employee relations and determines compensation policies that attract suitable candidates and retains talent.

The functions assigned to the Department include, but are not limited to, the following:

- Organizational and Departmental Charts
- Job Analysis, Job Description & Manpower Planning
- Staff related Policies formation, procedure implementation & administration
- Maintaining compliance of policies, code of conduct and good ethics
- Recruitment and Selection Activity plus Orientation
- Conducting Exit Interviews
- Internships Programs
- Trainings & Professional Development
- Salary & Benefits plus Reward/Performance Management & its Evaluation including promotions
- Loan Management i.e. Advance Salary, Emergency and Daughter Marriage Loans
- Attendance Reports & Leave Record Maintenance
- Employee Relations including Collective Bargaining (Labour/Union Management)
- Maintenance of Staff Record and Personal Files
- Digitization of Personal Files
- Group Life Policy and Family Health Insurance Coverage; Reimbursements and Usage Control
- Inter Departmental Transfers
- Staff Complaints
- Litigations, Disciplinary Actions, Suspensions and Terminations
- HR Budget; in coordination with all departments for manpower, trainings and life & health insurance
- HR Manpower reporting to MD and HRC
- HR Operational Matters i.e. Memo formations, approvals, certificates, reimbursements related to travel, membership fee, service awards, extra hour duties allowances, educational refunds etc.
- Audit Activities

LAW AND CORPORATE AFFAIRS DEPARTMENT:



The key functions of Law and Corporate Affairs Department of PSX can be broadly categorized as follows:

Corporate and Secretarial Affairs:

- Ensuring compliance of statutory/legal requirements, including requirements of periodic and event-based filing and maintenance of corporate records, applicable to PSX as a corporate entity;
- Ensuring compliance with corporate laws applicable on PSX, being a self-listed securities exchange, such as the Companies Act, 2017, the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 & the Regulations framed thereunder, the Securities Act, 2015, the Securities Exchanges (Licensing and Operations) Regulations, 2016, the Code of Corporate Governance and the PSX Regulations including compliance with any other regulatory requirements and statutory notifications issued by Securities and Exchange Commission of Pakistan [“SECP”] from time to time;
- Ensuring compliance with the requirements of “Fit & Proper Criteria” applicable to directors of PSX and providing secretarial services as Company Secretary to the Board and general body of shareholders and as secretary of various committees.

Legal Advisory

- Providing or otherwise procuring from selected advisors or counselors, legal opinion on any matter affecting PSX and its operations; and
- Carrying out or otherwise procuring services of legal advisors for drafting or vetting of critical legal documents.

Litigations and other proceedings

- Handling litigations and other proceedings by or against PSX; and
- Co-coordinating/liaising with appointed law firms for exchange of relevant information in a particular case.

Safeguard of intellectual properties & rights

- Preserving and protecting intellectual properties & rights of PSX. Co-coordinating /liaising with professional firm for exchange of relevant information/documents for registration of intellectual properties (trademarks, patents, etc.) and rights.

Moreover, the Head of Department also performs following additional functions:

- Performing the role of Trustee for PSX’s Investors Protections Fund and Clearing House Protection Fund;
- Participating/attending in the general meetings of associated and other companies as proxy-holder on behalf of PSX, being the shareholders of such companies; and
- Attending various judicial forums such as Wafaqi Mohtasib, National Accountability Bureau, Federal Investigation Agency, Banking Courts, etc., to submit required information.

INFORMATION TECHNOLOGY (IT) DEPARTMENT:



IT Department consists of the following sub-departments:

Application Development Department:

The main service offerings of PSX to its TREC Holders is its Real-time Trading System (KATS) and associated business applications for the Capital Market. The Application Development department is responsible for requirements' gathering, analysis, design, development, maintenance and enhancement of both Real-time Trading System and associated business and reporting applications using state of the art Application Development Frameworks and Secure Software Development Methodology. This not only includes development and enhancements of systems for new products and markets but the team is also actively engaged in research activities to further improve the existing Application and Services platform by adapting new technology trends and International best practices.

Software Quality Assurance Department:

The Software Quality Assurance Department is responsible for the Quality Assurance of all Applications developed by the Development Team for the Capital Market. The QA department believes in Total Quality Management (TQM) and Continuous Improvement. Their job is to ensure that all Applications released in production and made available in the Market are free from bugs, vulnerabilities and fulfil the functional requirements of the end user. Using latest testing tools and utilities, the department is fully aware of the quality requirements of PSX. The department is also responsible for Release Management using an Industry standard product SVN.

Network and Infrastructure Management:

PSX Network and Infrastructure Management Department has the responsibility for the design, implementation and maintenance of robust, secure and redundant Data and Voice Infrastructure of PSX. This department ensures secure connectivity of Trading Terminals used by TREC Holders with the Trading System centrally hosted at PSX Head Office in Karachi. These users connect to the centralized Trading System from the PSX Campus Network in Karachi, Lahore and Islamabad and also from their offices in different remote locations. They also manage the Internet links, Site to Site connectivity between different offices of PSX and connectivity with the Disaster Recovery Site of PSX. This department is also responsible for maintaining connectivity with NCCPL and CDC.

Systems Management Department:

Systems Department is responsible for managing and maintaining the entire Systems Infrastructure including but not limited to maintaining state-of-the-art Data Center, Physical and Virtualized Server running mission critical Trading and other Business applications, Enterprise Storage hosting mission critical data and Web Servers hosting PSX Website. The Department is also responsible for running daily Systems and MIS Operational activities including launching and closing of Trading System and Associated Business Applications and Services, Managing Job Queues, Data backup on encrypted tapes, End of Day, Start of Day and other related procedures, User Accounts Management and Performance Monitoring.

Database Management Department:

High availability, confidentiality and integrity of core business data of PSX is of utmost importance. Database Management department is responsible for maintaining and managing the entire Production Database adapting Real Time Application Clustering mechanism with off-site Data replication in place. The department has implemented Data-at-rest and Data-in-motion encryption using world class reliable technology products.

IT Support and Services Department:

As the name implies, the department has the responsibility for providing technical support to the TREC Holders related to the use of KATS and other Business Applications provided by PSX. They are also responsible for handling Customer Complaints and troubleshooting technical problems for both internal and external users. The well trained and supportive team members interact with customers and provide timely technical solutions against any incoming support calls through an automated Complaint Management and Recording System.

IT Governance and Coordination

- Ensuring that the respective functional heads have the correct IT policies, procedures, standards
- Coordination of all IT Audits and responsible for ensuring compliance of all Audit observations pertaining to IT Applications, Infrastructure, Processes and Controls.
- Managing, controlling and reporting of IT Projects through a centralized Project Management Office (PMO)
- Procurement Life Cycle activities related to IT Procurement including preparation of RFP/RFQ, Bid Opening, Technical and Financial evaluations, seeking approvals from the Procurement Committee, Payments, Service Level Agreements and Contract Management.

INFORMATION SECURITY (IS) DEPARTMENT:



PSX Information Security Office (ISO) aspire to seek leadership in the financial sector through the projection of our firmly grounded Information Security Program which is being made capable to face new and difficult challenges. Consistent with this goal, ISO has developed and implemented comprehensive information security program which includes information security policy framework, security operations, business continuity, risk management, training & awareness etc., to name a few.

Information Security Office, at PSX, is organized in following functions:

Business Information Security – Ensure that all information security needs (InfoSec guidance, awareness, training etc.) of the PSX staff is fully catered within organization. This is achieved through timely engagement and delivery on information security, business and/or technology initiatives and projects.

Technology Information Security– The role entails working with system development and IT infrastructure areas to ensure technology risk considerations are addressed at each phase of the system development life cycle and provide proactive solutions to correct exposures or mitigate risk. It also provides a unified and holistic view of vulnerabilities and associated risk exposure.

Information Risk Management(IRM) – Identify and champion opportunities for the development of security and broader technology controls and services that can lower risk for the Exchange. One way to achieve this is by conducting risk reviews and assessments to identify, monitor, analyze, classify, and report key IT and information security risks and controls using a controlled risk control self-assessment framework. The IRM also validates the implementation of its recommendations on a regular basis.

Business Continuity Coordination – Identify potential business interruptions, develop safeguards against these interruptions, and implement recovery procedures in the event of a business interruption. The function is also responsible for preparing and providing documentation and training on contingency planning concepts and procedures.

Security Operations – Responsible for a broad range of tasks, including security monitoring, selection, design, build, install, maintain, support, and day-to-day administration of Exchange security solutions such as firewalls, intrusion prevention system, email security, endpoint security, Security Information and Event Management (SIEM), Multifactor / Hard Token Management etc., as well as performing security administration of a wide variety of IT systems across the Exchange.

PRODUCT DEVELOPMENT, RESEARCH AND MARKETING DEPARTMENT:



Under the umbrella of PDRM, there are 4 Core Functions and 3 key Business Processes.

Core functions managed by PDRM

1. **Product Development (PD):** Formulating commercial terms for PSX products including functional specifications, pricing, processes and roll out plan for products including but not limited to Stock Index Futures Contract, Single Stock Futures, Stock Index Options, Single Stock Options, Exchange Traded Funds, In-house VaR and In-house Impact Cost. The PD team is run by 3 staff members that is overlooked by HOD who is the Secretary of New Products & Market Development Committee.
2. **Research:** Advices on construction, recomposition and maintenance of stock market sectoral indices, maintenance of statistical data related to the market (viz. market cap., indices, sector, stock price and volume data, listed companies' data, etc.) and provision of the same to other departments, TREC Holders, Media, outside agencies as required.
3. **Marketing:** Looks into matters relating to every aspect of Nationwide Investor Awareness Generation Program, Corporate briefing Programs, PSX Call Centre, designing / printing of marketing materials for branding, product launches, marketing of Data Vending service and its contract construction, provision of market data feed as per required formats, responding to queries of data vendors, and lastly, invoicing and recovery of dues from the same.
4. **Public Relations:** Deals in media & press management, including publication of advertisements & press releases, holding press conferences as directed by Management, arranging gong ceremonies for dignitaries & maintaining positive relationship with the media, conducting seminars, developing liaison with educational establishments, organizing the Top-25 Company Awards ceremonies, and lastly, looking over issuing visa request letters to consulates on behalf of TREC Holders.

Business Processes performed by PDRM

1. **Change Request Management:** All the initiating, managing and controlling change(s) in the existing functionality of the Exchange are routed through PDRM that carries the Business Impact Analysis of the requested change and forwards the same to IT for deployment and finally performs the UAT of the same. Only major changes are subjected to Change Control Board's (CCB's) consideration under the Chairmanship of Managing Director, PSX.
2. **Website Content Management:** The PSX website content is updated through raising a website change request form and handled by the website content manager of the department.
3. **Advertisement Approvals:** The department extends approval to TREC Holders for any advertisement placed on all mediums.

ADMINISTRATION DEPARTMENT:



Administration department is the backbone of PSX providing the link between various departments and ensuring their smooth operations. The administration department works around the clock facilitating all the departments and ensuring the safety and security of the PSX premises and its resources, such as Power, Electrical, Mechanical, Air-Conditioning Infrastructures and their Operations.

Travelling & accommodation, procurement, infrastructural development and maintenance, contract management are the major functions of the Administration department.

SPECIAL PROJECTS DEPARTMENT:

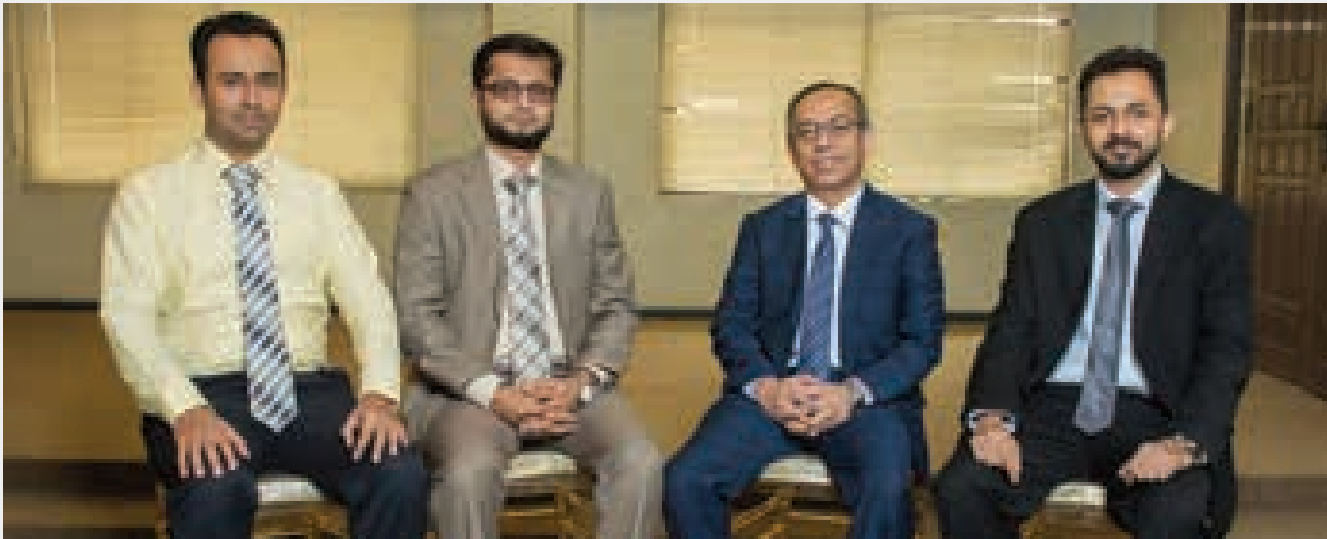


Special Projects department was formed in 2014. The objective of this initiative was to deploy dedicated resources for new initiatives, both strategic and operational in nature, which will help in researching, analyzing and providing the senior management with specific solutions, concept papers and support for various ongoing and new initiatives.

Special Projects aims to achieve following objectives:

- To promote the PSX SME Board (second tier capital raising platform) by arranging awareness sessions and educational campaigns to give a targeted pitch to SMEs and investors.
- To lead development (and later promotion) of PSX Private Market (third tier capital raising platform) by arranging awareness sessions and educational campaigns to give a targeted pitch to start-ups and investors.
- Collaborate with international stock exchanges on various technical matters, roadshows etc.
- Develop / assist the MD on development of various concept papers, research, analysis etc. for submission to the Board / SECP.

INTERNAL AUDIT DEPARTMENT:



The Internal Audit function of the Exchange is co-sourced with Deloitte Yousuf Adil Chartered Accountants. The function operates within the framework set out in the Code of Corporate Governance and the Internal Audit charter approved by the Audit Committee of the Board. Internal Audit performs periodic audits of Exchange's various processes based on the risk based audit plan approved by the Audit Committee. Results of these audits along with the audit recommendations and risk impact are communicated through written reports to the concerned process owners for necessary actions and are also presented to the Audit Committee. Internal Audit also undertakes special assignments, if any, assigned by the Audit Committee.



At PSX, we aim not to just be at par with our global competitors, but to be constantly ahead of them. Trust, courage, conviction and effective communication is what makes all our operations and partnerships unique. As we progress on our journey of success, we believe that we can only grow by providing unsurpassed quality and value added services to the capital market.



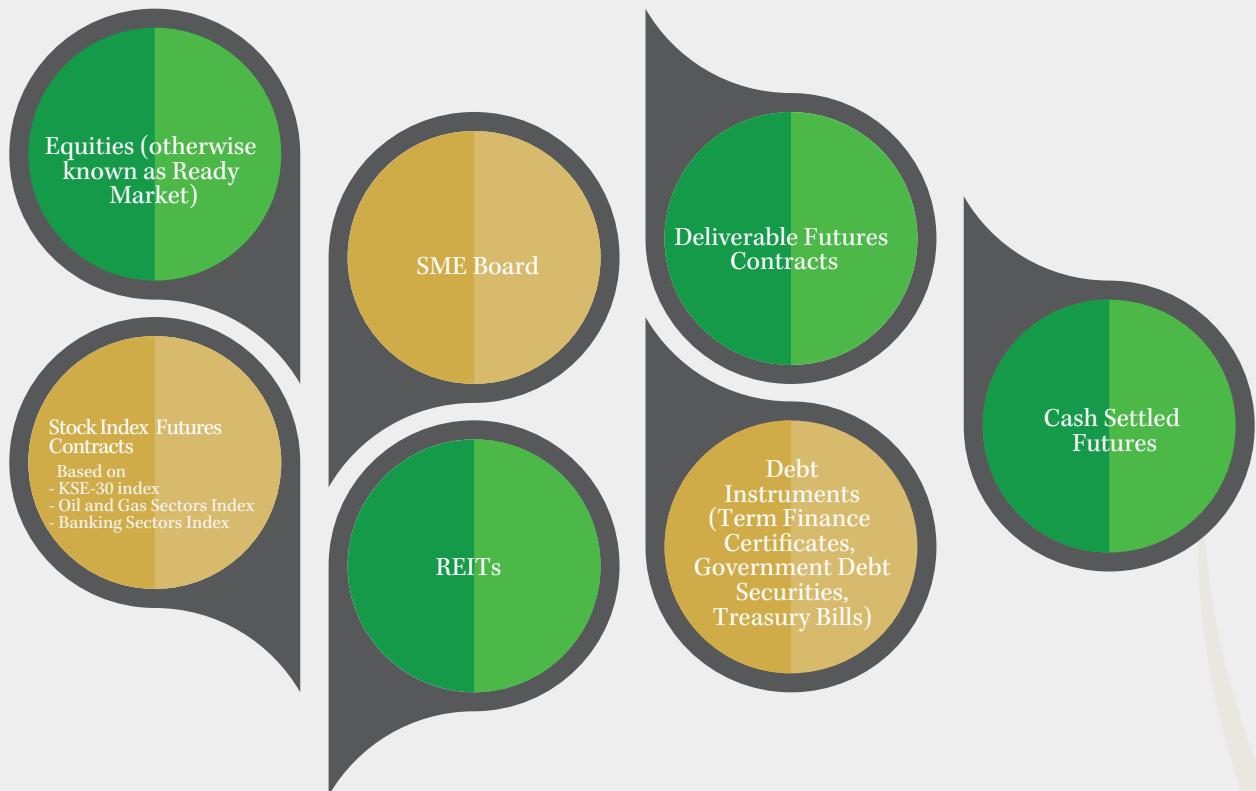
LOOKING FOR OPPORTUNITIES TO GROW

PRODUCTS AND SERVICES

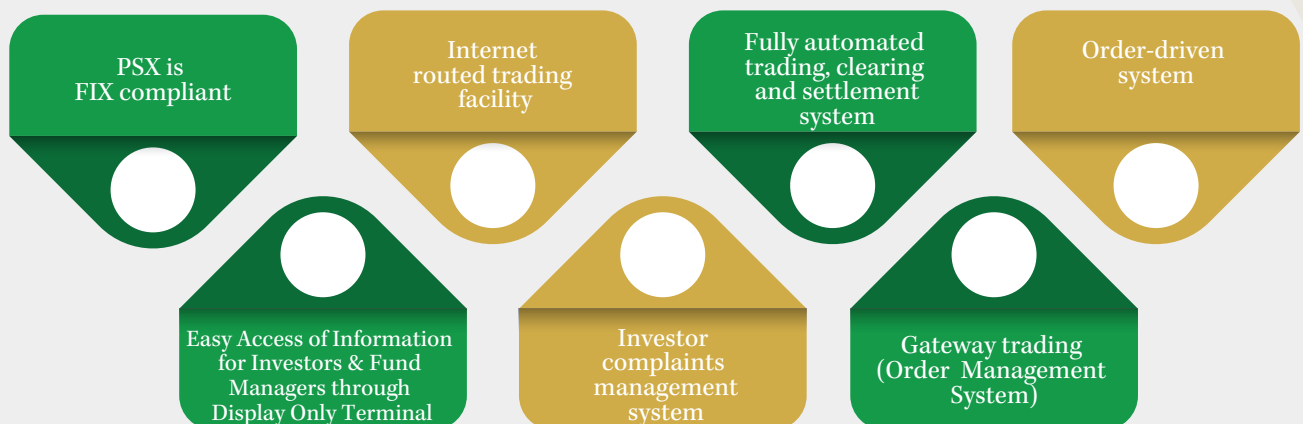
PSX offers a range of products and services through a state of the art technology infrastructure that are specially made to cater to every trading and investor needs.

Market participants (both local and foreign investors) are provided access to these products through various distribution channels of the brokerage houses.

Our Trading products include:



PSX's Investor services include:



PSX plans on introducing the following new Products and Services:

Exchange Traded
Funds (ETFs)

Single Stock
Options

Upcoming Futures and Options Segment:

The Regulations Governing Index Options are approved by the Securities and Exchange Commission of Pakistan, and as such the application software is also ready for deployment and launch of Index Options, but considering the sentiment of the market participants, PSX's priority is to first work to bring depth in Single Stock Futures followed by the introduction of Single Stock Options. In order to add depth to the market and to allow investors to leverage positions for large diversified portfolios, the management of PSX, in line with International best practices, has decided to embark upon a process to introduce Single Stock Options. PSX looks forward to work on the recommendations provided by the Derivatives Committee set up by the SECP, and introduce Single Stock Options in the near future.

Exchange Traded Funds (ETFs):

A Derivatives Committee was constituted by SECP which reviewed the ETFs and Derivatives Report along with other documents provided by PSX, NCCPL and other members which included representations from the Mutual Funds and Banking Sector. The Committee provided numerous recommendations over the reports and PSX is working continuously on implementing these recommendations.

SMALL AND MEDIUM ENTERPRISES (SME) BOARD:

Pakistan Stock Exchange has recently developed the SME Board, a platform for Small & Medium Enterprises (SME) to raise capital to fund their growth and expansion needs. Companies having a post issue paid up capital not less than Rs. 25 Million and not more than Rs. 200 Million can get listed on this Board.



Benefits of listing on the PSX SME Board:

SME would not have to resort to bank lending and debt financing. Equity financing will lower the debt burden of SMEs, leading to lower financing costs and healthier balance sheets.

Listing on PSX SME Board will increase the credibility and profile of the SME and increase the value of their shares.

Venture capitalists and other strategic investors shall be eligible to invest in the SME. Thus, they would be providing the sponsors of the SME with an easy exit option in the future.

When an SME migrates from the SME Board to the Main Board, its initial listing fee and its annual listing fee shall be waived.

SMEs that are family enterprises can survive beyond the second and third generation as companies listed on the SME Board can be assured of business continuity.



“KEY

**ACHIEVEMENTS,
MILESTONES
AND DEVELOPMENTS”**

LAW AND CORPORATE AFFAIRS DEPARTMENT:

- **Divestment:** The department was actively involved in overseeing the process of divestment of PSX's 40% equity stake in favor of Consortium comprising of three Chinese exchanges namely; China Financial Futures Exchange Limited, Shanghai Stock Exchange and Shenzhen Stock Exchange, and two local financial institutions i.e. Pak China Investment Company Limited and Habib Bank Limited. The department also provided secretarial assistance to Divestment Committee constituted by SECP for the purpose, including finalization of the Share Purchase Agreement ["SPA"] & other relevant agreements and deeds and successful completion of the transaction, for transfer of 40% shares held in blocked accounts of PSX's initial shareholders to Consortium members.
- **Offer for Sale of Shares and Self-Listing of PSX:** The department supplied necessary secretarial support to the Divestment Committee formed/ ratified by the initial shareholders of PSX, for sale of PSX's 20% shares lying under their blocked accounts, by way of an offer for sale through book building and public subscription by completing the process within a very challenging timeframe. The team of Law Department worked in liaison with Companies' Affairs team for finalization of offer for sale document ["OFSD"] and provided the requisite information and/or documents for furnishing the self-listing application to SECP. The Secretary-Divestment Committee also provided all secretarial services to the Committee formed by SECP comprising of independent professionals and industry experts to review the OFSD and submit its recommendations to PSX Board. Upon self-listing of PSX's shares with effect from June 29, 2017, the department had taken appropriate steps for ensuring compliance with additional regulatory requirements.

OPERATIONS DEPARTMENT:

Companies Affairs:

- 5 equity companies were listed with a paid up capital of Rs. 13.38 Billion, raising an amount of Rs. 9.69 Billion. In addition, one debt instrument amounting to Rs. 10.5 Billion and 12 Open End Funds amounting to Rs. 7.62 Billion were also listed.
- 19 companies issued right shares and raised the amount of Rs. 29.11 Billion. 27 companies issued bonus shares capitalizing reserves amounting to Rs. 3.63 Billion. 21 companies issued shares as "otherwise than right" raising Rs. 5.58 Billion.
- The Department received an amount of Rs. 238 Million on account of annual listing fee and additional listing fee on increase in capital by way of right issue, other than right issue, bonus issue, etc.
- The Department was actively involved in the PSX self-listing process.

Trading and TREC Holders' Affairs Departments:

- 01 Trading Right Entitlement (TRE) Certificate was transferred during the period
- 58 new agents appointed during the period
- 29 new branch offices opened during the period
- 18 brokers were registered with SECP in "Trading Only" category under the Securities Brokers (Licensing and Operations) Regulations, 2016.
- 148 brokers were registered with SECP in "Trading & Self Clearing" category under the Securities Brokers (Licensing and Operations) Regulations, 2016.

REGULATORY AFFAIRS DIVISION:

- **Publication of Investor Awareness Guide:**

In order to educate capital market investors about their rights and obligations and to guide them to take a prudent approach while trading in securities and future contracts listed at PSX, the RAD published a detailed Investor Awareness Guide. The Guide is published in both English and Urdu languages for easy understanding of the investors and is made available on the official website of PSX.

- **Revamping of entire Penalty Regime for brokerage houses:**

Previously, the penalty regime for brokers was scattered in various chapters of PSX Regulations and various steps were involved before taking any disciplinary action against a non-complaint broker. In order to consolidate and harmonize various penalty provisions, to streamline the disciplinary proceedings in line with the international best practices and to make the penalty regime more efficient, the entire penalty regime for brokers prescribed under PSX Regulations has been revamped and submitted to SECP for approval.

- **Introduction of Single Stock Options Contracts:**

With a view to increase the product base and to provide investors with an efficient hedging tool through financial derivatives, the regulatory framework governing trading of Single Stock Options Contracts was approved by the PSX. Once implemented, the Single Stock Options Contracts are expected to increase liquidity and help develop overall cash-settled derivative segment of PSX.

- **Change in corporate structure of securities brokers operating as single member companies:**

To safeguard investors' interests through improved Corporate Governance standards, the brokers operating as Single Member Companies (SMC) were required to convert their corporate structure into a public or a private company other than SMC to conform to the requirement of Securities Brokers (Licensing and Operations) Regulations, 2016 implemented by the SECP on June 30, 2016 under the Securities Act, 2015.

- **Implementation of Reverse Merger Regulations:**

A new regulatory framework to govern the Reverse Mergers have been implemented under PSX Regulations. Under this framework, an Operating Unlisted Company, which becomes a Listed Company by way of merging with and into a Listed Shell Company, shall be required to comply with Reverse Merger Regulations with a view to ensure greater transparency and protection of investors' interests.

- **Modifications under Trade Rectification Mechanism:**

As per the directions of SECP, the updated Trade Rectification Mechanism was successfully developed and deployed in coordination with the IT Department of PSX.

- **Enforcement actions against non-compliant listed companies FY' 16-17:**

This function efficiently monitors all Listed Companies & issuer of Listed Securities to ensure no regulatory non-compliance affecting / discriminating minority shareholders' rights occurs. In case of observance of non-compliance, based on scale of severity, corresponding enforcement actions, as defined in regulations are taken.

A total number of over 1040 investigations / explanations were sought from the Listed Companies during the year; 142 warnings were issued and 224 penalties were imposed; whereas 7 companies were placed in the Defaulters' Segment and trading in their shares was suspended out of which 1 company rectified the default and was shifted to the Normal Counter. The details of penalties imposed and recovered during the year are provided hereunder:

Summary of Penalties Imposed and Recovered		
Penalty Imposed during the Financial Year 2016-2017	Penalty Imposed and Recovered during the Financial Year 2016-2017	Penalty Imposed in earlier years and Recovered during the Financial Year 2016-2017
[Amount in Rs.]	[Amount in Rs.]	
298,463,000*	778,000	1,359,000
*The amount includes penalty of Rs.227,905,000/- imposed on Three Companies, already quoted in the Defaulters' Segment and trading in their shares has already been suspended, out of which, Two companies have rectified other defaults and One Company has applied for Voluntary Delisting through buy-back of shares from minority shareholders. All Three Companies have requested for wavier of their respective penalties.		

Special emphasis was given to monitoring of the Code of Corporate Governance and 373 non-compliances were highlighted, for which companies were advised to rectify / clarify the same.

- Enforcement actions against non-compliant securities brokers:**

During FY' 16-17, the Market Surveillance Department (MSD) of RAD investigated a total 1,163 cases consisting of the following:

- Total 284 cases were investigated in relation to Short/Blank Sale under Regular Market and Deliverable Futures Contract Market, Delivery Defaults, Compliance of Clause 16 (7) of Securities Broker (Licensing and Operations) Regulations, 2016, Frequent Order Cancellation and Suspicious Trade Rectifications etc. out of which, 112 cases were identified as non-compliant where necessary enforcement actions were taken. Details of which are provided hereunder;

Summary of Enforcement Actions for the Financial Year 2016 - 2017			
Description	Enforcement Actions		
	Advised	Warned	Penalty Imposed
Clause 10.15 of PSX Regulations (Blank Sale under Regular Market)	49	10	16
Clause 13.5 of PSX Regulations (Blank Sale under DFC Market)	23	3	4
Clause 16(7) of Securities Brokers (Licensing and Operations) Regulations, 2016	1	1	0
Order Cancellation and Suspicious Trade Rectifications	5	0	0
Total	78	14	20

Summary of Penalties Imposed and Recovered for the Financial Year 2016 - 2017			
Penalty Imposed [Amount in Rs]	Penalty Recovered [Amount in Rs]	Penalty Waived by the Sub-Committee of the RAC	Penalty Due (appeal filed) [Amount in Rs]
3,218,932	1,900,851	973,540	344,541

- Further, 879 cases were highlighted through Price / Volume Alert Report Mechanism to identify the unusual trade patterns or abnormality in share prices and volume variation in different scrips, against which initial scrutiny was conducted. However, 44 cases were thoroughly investigated, out of which 20 investigation reports were forwarded to SECP for necessary action at their end.

In addition to the above, the RAD took following actions against non-compliant brokers:

- 222 enforcement actions were taken against the brokers which were identified non-compliant with the Regulations through System Audit, Joint Inspection, Internet Based Trading System Audit, Client Asset Segregation Inspections, on-site and off-site inspections and other monitoring procedures of RAD. Details of which are as follows;

Summary of Enforcement Actions for the Financial Year 2016 - 2017								
Sr. No.	Nature of Activities	No. of Actions	No. of Warnings	No. of Penalties	Trading Terminals Suspended	Amount of Penalty Imposed	Amount of Penalty Recovered	Amount of Penalty Unrecovered
						Rupees		
1	System Audits	68	55	13	0	705,000	655,000	50,000
2	Internet Based Trading System Audits	11	9	2	0	30,000	30,000	-
3	Joint Inspections	40	20	19	1	2,900,000	2,085,000	815,000
4	Clients Assets Segregation	28	19	8	1	790,000	290,000	500,000
5	Unregistered Branch	7	1	4	2	185,000	185,000	-
6	Trading by Employees	11	4	7	0	80,000	60,000	20,000
7	Other Regulatory Enforcements	57	4	3	50	125,000	125,000	-
Total		222	112	56	54	4,815,000	3,430,000	1,385,000

- (ii) Settled over 192 investors' claims against two TRE Certificate Holders whose TRE Certificates were forfeited, by disbursing an amount of Rs75 million. 78% of claimants have been settled in full (100%) against their claims.
- (iii) In addition to above, 137 investors' complaints/claims received against the existing TRE Certificate Holders were settled and 13 arbitration awards were announced where concerned parties were in dispute.

The efforts of RAD towards protection of investors' interest and restoration of investor confidence has resulted in overall efficient regulatory compliance by the regulated entities.

During the year, the PSX exercised maximum enforcement powers against non-compliant TRE Certificate Holders and forfeited TRE Certificate of following three brokers in the best interest of the investors and capital market:

Details of Forfeiture of TREC for the Financial Year 2016 - 2017				
Sr. No.	Name of TREC Holder	Date of forfeiture	Nature of Default	Amount of Default (Unverified) Rs. in Million
1	AWJ Securities (Pvt.) Limited	27-Feb-17	Non-resolution of Investor complaints	413
2	M. R. Securities (Pvt.) Limited	1-Mar-17	Non-resolution of Investor complaints	2400
3	MAM Securities (Pvt.) Limited	10-May-17	Non-resolution of Investor complaints	162

Joint Inspection Regime:

Joint Inspection Department was setup in PSX in November 2015 and since then strengthened by allocating adequate resources for its efficient working. This function has created deterrence against misconduct and ensured that segregation of clients' assets are maintained from Brokers proprietary assets. This dedicated team of 27 professionally qualified individuals are also occasionally used for onsite Brokers' inspection & spot checking by PSX.

PRODUCT DEVELOPMENT, RESEARCH AND MARKETING DEPARTMENT:

Industry Wide Professional Enhancements and Investor Education:

PSX has worked closely with the Institute of Financial Markets of Pakistan (IFMP) (formerly known as Institute of Capital Markets) which has rolled out broker and trader certification program. PSX, IBA and IFMP are in Process of introducing a one year diploma in Capital Markets.

PSX and CDC organized Pakistan's first ever financial expo in Peshawar which was attended by over 5,000 persons.

Special Convertible Rupee Accounts (SCRA):

Under the consolidated regime of Pakistan Stock Exchange, the Exchange plans to conduct awareness sessions throughout the world encouraging Non Resident Investors (both individuals and corporates) to invest into Pakistan's Capital Market. In order to facilitate Foreign Investors, the Exchange has composed a user guideline manual for Non Resident Investors to invest in Pakistan's Equity Market through opening a Special Convertible Rupee Account (SCRA) with SBP authorized dealers in Pakistan. PSX has devised this document to serve as a core informational booklet helping Foreign Investors / Non-Resident Pakistanis to understand several investment avenues in Pakistan. This booklet will be made available at the foreign embassies across Pakistan and is a great way for Foreign Investors to have knowledge about the custodial services provided by Pakistani banks and brokers.

Corporate Briefing Program:

Corporate Briefing Program (CBP) at PSX is a platform for listed companies to hold corporate briefings for general public and analysts at PSX trading hall with a view to facilitate the audience to understand companies' financial reports and offer a thorough evaluation of their business strategies by responding directly to queries and concerns. The basic goal of the CBP is to enhance investors' understanding of financial statements, company's short term and long term plans and any other corporate development. PSX's CBP helps in bridging the gap between the listed companies and investor community. In particular, a CBP was conducted on 13 March 2017 at PSX by Avanceon, where more than 100 research analysts from different brokerages were part of the program. This was the 4th Annual Analyses briefing.

Advanced Version of Securities Lending and Borrowing System (SLB):

The Revised SLB has recently been implemented & NCCPL is carrying out an awareness sessions for the same. The Revised SLB Contracts are envisaged to improve the overall Market efficiency and liquidity and may act as a useful tool for risk management as it helps to facilitate timely settlement of the securities. The key features of Revised SLB include:

- Market operation timings similar to Ready Board.
- No capping on Lending and Borrowing rates.
- Flexible contract duration.
- European style contracts.
- Increased number of securities on Revised SLB Counter.
- Treatment of corporate actions as per international best practices i.e. collection of Dividends from borrower and passing it on to Lender.

FINANCE AND TREASURY DEPARTMENT:

The Finance & Treasury Department has played a major role in the modernization of the Exchange and some notable achievements include:

- Divestment, Due Diligence & Strategic sale of 60% equity of PSX
- Listing of PSX
- Setting up in-house customized software of VDR (Virtual Data Room).
- Development of customized in-house Opex monitoring software

INFORMATION SECURITY (IS) DEPARTMENT:

Pakistan Stock Exchange computer systems, applications and networks are subject to an increasing risk of continually evolving cyber security or other technological risks such as cyber-attacks, accidental technological failure, computer viruses or malicious code, and other events. These risks arise due to threats originating from numerous sources, not all of which are in Exchange's control, including among others human error, fraud or malice on the part of employees or third parties, damage to Exchange's property or assets, natural disasters, health emergencies or pandemics, or outbreaks of hostilities or terrorist acts.

Exchange continues to commit significant resources to implement, maintain, monitor and regularly upgrade its systems and networks with measures such as intrusion detection and prevention, firewalls, advance persistent threat protection etc. to safeguard critical systems and applications. Exchange's security monitoring and protection services are able to detect and respond to the incidents targeting its systems before they became significant. Consequently, Exchange has not been materially impacted by these threats or other cyber-attacks. Albeit, because the methods used to cause cyber-attacks change frequently or, in some cases, are not recognized until launched, there is no guarantee that these measures or any other measures can provide absolute security.

Pakistan Stock Exchange also fully recognizes the importance of maintaining a comprehensive Business Continuity Program in an integrated capital market environment. The Exchange has well established Business Continuity Management (BCM) practices, procedures and policies that provide resilience and recovery for critical business processes, systems and data.

The Exchange's efforts in this regard were recognized internationally by the technology firms such as Oracle Corporation who published success story of the security initiative taken by the Exchange. Furthermore, IBM also published case study in view of the model implementation of their security solution at the Exchange.

HUMAN RESOURCE DEPARTMENT

- **Digitization of HR Record**
The project started in Oct 2016 and so far 85% of files have been digitized. This digitization allows the user to search through the document on a key word. The biggest number was of employee files which are now 100% completed.
- **Recruitments**
Inductions are made after following a lengthy process of recruitment, which includes making of a JD, CV's shortlisting, interviews (business and neutral), gathering documents of candidates, making of proposal, offer/appointment letters, medical tests, degree verifications, last employer verifications, reference checks etc. A total of 36 employees were inducted during the year at different levels.

- **Restructuring of Compensation of Lahore & Islamabad staff**
Compensation structure of Lahore and Islamabad Staff was aligned with the salary and benefit structure of Karachi staff. This standardization brought uniformity throughout organization.
- **Training & Development**
To strengthen the skillsets and knowledge of the respective domain, the staff was nominated for 47 training programs (domestically and internationally) in which 92 staff members got themselves trained. A learning and development strategy aims to develop a workforce's capabilities, skills and competencies to create a sustainable, successful organization, and it is an important part of PSX's overall business strategy.
- **Strong Internal Controls leading to Minimal Audit observations**
HR is improving its controls by adopting appropriate processes and procedures within stipulated guidelines. Current Audit Report is reflecting a satisfactory rating where only one observation during the year is reported. All past points are closed.

INFORMATION TECHNOLOGY (IT) DEPARTMENT:

- **Establishing New Data Center based on TIA 942 and Tier 3 International Standards**
Keeping in consideration the induction of PSX in the MSCI Emerging Market Index, Trading Volumes forecast, PSX future business plans and introduction of new IT related latest and upcoming technologies, the PSX Management had decided to build a new Data Center facility at its Head office in Karachi to support its mission critical operations without any interruptions. PSX had taken on board an International firm (HP Enterprise - HPE) to provide its expertise and services in terms of designing the Data Center Infrastructure based on TIA 942 and Tier 3 International standards and tendered a renowned Firm for construction of this state-of-the-art new Data Center facility. This new 10Gbps data network supported information processing facility (IPF) had been completed.
- **Pakistan Stock Exchange – Trading System Migration**
PSX I.T. Division had successfully migrated of the PSX real-time Trading System (KATS) to the new Application, OS and Hardware Platform. After 14 years, the old Trading System had been replaced with a new System which is more robust and secure and is comparable to any Trading System used internationally.
- **Establishing a Disaster Recovery Site in Lahore**
The PSX – IT Team in coordination with Information Security Team had established a new Disaster Recovery (DR) Site in Lahore. The IT Team played their vital and respective roles and successfully achieved this major milestone. Further, multiple mock sessions were conducted successfully and entire Trading and Associated applications including KiTS and MTS were tested.
- **Upgradation and Implementation of Book Building Application on latest Technology**
PSX IT Team had successfully carried out the upgradation and implementation of the Book Building Application using the latest version of internationally recognized and adopted Oracle Web Logic Server.
- **Introduction of Post-Close Session at PSX for MSCI**
In anticipation of substantial trading volumes and in light of certain classes of investors that are entering the market at the closing price, the management of Pakistan Stock Exchange (PSX) has announced the introduction of a Post-Close Session. Remarkable efforts by PSX I.T. Division made it possible for introduction of Post-Close Session in-time as per requirement.
- **Financial Information Exchange (FIX) based Market Data Solution**
Market data feed handlers are mandatory components of any real time trading system. PSX I.T. Systems invested years of hard work in perfecting the software to handle various protocols used for market data distribution with special attention to performance and to robustness.

During 2016-2017 PSX I.T. division entertained data client's requirement for providing Market data feed via the FIX/TCP connections supported by the super-fast FIX based FEED Engine as a standard Market Data Solution. The solution is capable of providing the full market depth for both sides i.e. bid and ask in real-time.

ADMINISTRATION DEPARTMENT:

- Completion of construction of the New Building for TREC holders and Licensee.
 - Sub-leasing of New Building and handing over of offices to allottees of the New Building.
 - Renovation of various Departments in PSX premises and also at Regional Office, Islamabad.
 - Undertook the difficult and long pending task of building related financial recovery which was pending since last 10-15 years and successfully recovered all the dues in a very short span of time. This task was handed over to Administration Department last year.
 - Reinforcement of Building Security and Surveillance System including fixing of additional CCTV Cameras, Security Systems, Barbed wires across the boundary walls and establishing security pickets at critical locations.
-

SPECIAL PROJECTS DEPARTMENT:

Special Projects Department (SPD) played a key role in finalization of the SME regulations of SME Board. This included researching and maturing the concept with relevant stakeholders and the apex regulator, SECP.

SPD was instrumental in signing of MoUs with leading Chambers of Commerce and Industry of Pakistan for the promotion of the SME Board. Further, MoU was also signed with SMEDA for cluster identification. SME cluster can specifically be targeted to promote listings for PSX and to fulfill equity needs of the SME sector of Pakistan. Awareness sessions were also held for CEOs of companies to apprise them about the regulatory and functional aspects of listing at PSX.

SPD has also taken a lead in the development of the Private Market, a third tier market which will bring together startups and investors to explore funding possibilities. In this regard, PSX has partnered with Punjab Information Technology Board (PITB) through which PSX and PITB will jointly approach relevant regulatory bodies to advocate the case of startups and will propose framework to assist startups in raising equity financing by introducing favorable listing terms, particularly in terms of paid-up capital.

SPD has also partnered with Capital Analytics Solutions Limited (CAS) to provide stock analysis facility to users of KITS, which enables TREC Holders to provide internet based trading facility to their investor clients. Very often, while conducting an analysis, investors ignore the essential elements that might help in achieving a better outcome for decision-making. Integrating Analytics software with KITS would help investors in conducting more accurate capital market analysis.

ISLAMABAD OFFICE:

- Conducted 40 informational sessions and facilitated study visits of schools, universities, delegates from NAB, NIBAF, listed companies and other Government/Private entities.
- Signed MOUs with the following for mutual cooperation in developing and promoting the SME Board:
 - Small and Medium Enterprise Development Authority
 - Islamabad Chamber of Commerce and Industry
 - Rawalpindi Chamber of Commerce and Industry
 - Gilgit Chamber of Commerce and Industry
 - Abbottabad Chamber of Commerce and Industry
 - AJK Chamber of Commerce and Industry, Mirpur, AJK
 - Mardan Chamber of Commerce and Industry, Mardan-KPK
 - Women Chamber of Commerce and Industry Mardan-KPK
- Magnified the image of PSX in Islamabad by re-branding of ISE Towers Building with the name of PSX at prime location.

LAHORE OFFICE:

- Awareness sessions conducted for investors, university students, brokers, government institutions about the capital market, new PSX products, and new regulatory changes and requirements
- Awareness sessions conducted on the PSX SME Board in the Chamber of Commerce and Industry of Faisalabad, Gujranwala, Sialkot, Lahore, Abbottabad and Gilgit Baltistan.
- MOUs signed with the Chamber of Commerce and Industry of Gujranwala (GCCCI) and Lahore (LCCI) for the promotion and development of PSX SME Board. Communication with Sialkot, Faisalabad, Multan and Bahawalpur Chambers of Commerce and Industry in process for engaging local SMEs.
- PSX Branding in Regional Office



NOTICE OF ANNUAL GENERAL MEETING



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that seventieth (70th) Annual General Meeting [“AGM”] of Pakistan Stock Exchange Limited [the “Company”] will be held on Tuesday, October 24, 2017 at 4.00 p.m. at the Registered Office of the Company, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2017 together with the Directors’ and Auditors’ Reports thereon.
2. To approve, as recommended by the Board of Directors, payment of Final Cash Dividend @ 2% i.e. Re. 0.20 per share for the financial year ended June 30, 2017, in addition to Interim Cash Dividend @ 1.0% i.e. Re. 0.10 per share already paid.
3. To appoint auditors of the Company for the year ending June 30, 2018 till the conclusion of next AGM and fix their remuneration. The retiring auditors, M/s. EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for re-appointment.

Special Business

4. To obtain consent of members of the Company, as per requirements of SRO 470(1)/2016 dated May 31, 2016 for transmission of annual report, through CD/DVD/USB instead of transmitting it in hard copies and to pass the following resolution as Ordinary Resolution:

“RESOLVED that, the members of Pakistan Stock Exchange Limited [the “Company”] do hereby consent and authorize the Company for transmission of the annual report, including but not limited to, annual balance sheet, profit & loss account, auditor’s report, and directors’ report etc. (annual audited accounts), to its members through CD/DVD/USB at their registered addresses, in terms of the statutory notification (SRO 470(I)/2016) dated May 31, 2016 issued by the Securities and Exchange Commission of Pakistan.”

Other Business

5. To discuss any other matter with the permission of the Chair.

By order of the Board of Directors

Muhammad Rafique Umer
Company Secretary

Karachi
Dated: September 29, 2017

Note: A statement of material facts covering the Special Business stated at agenda item 4 above, as required under Section 134(3) of the Companies Act, 2017, is enclosed with this notice.

NOTES:

1. The Register of Members will remain closed from October 18, 2017 to October 24, 2017 (both days inclusive).
2. All members are entitled to attend and vote at the meeting.
3. A member entitled to attend, speak and vote at the meeting shall also be entitled to appoint another member as his/her proxy to attend, speak and vote instead of him/her and a proxy so appointed shall have such rights with respect to attending, speaking and voting at the meeting as are available to the member appointing him as proxy. The Instrument of Proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarized certified copy of that Power of Attorney or authority, in order to be effective, must be received by the Company at least 48 hours before the meeting. A proxy must be a member of the Company. The Form of Proxy is enclosed with this notice.
4. Any company or other body corporate which is a member of the Company may, by resolution of its Directors, or proxy signed by authorized officers, authorize any of its officials or any other person to act as its representative at the meeting and the person so authorized shall be entitled to exercise the same powers as if he were an individual member of the Company.
5. Members are requested to notify the change of their registered address, if any, immediately but before the first day of book closure, to their Participant/CDC Investor Account Services which maintains their CDC account.
6. Since all shares issued to members are in dematerialized format, credited in their respective Central Depository Company of Pakistan Limited ["CDC"] accounts, the individual members desiring to attend the meeting are requested to bring their original Computerized National Identity Cards (CNICs) along with the Investor Account or Participant Id and House Account/ Sub-Account numbers, for identification purposes, whereas, in case of corporate member, the resolution of Board of Directors / Power of Attorney with specimen signature of the nominee may preferably be provided to the Company well in advance or otherwise produced at the time of meeting.

7. **E-Dividend**

Pursuant to Section 242 of the Companies Act, 2017 [the "Act"], the listed companies have been mandated to pay dividend only by way of electronic mode, directly into the bank accounts of entitled members designated by them. However, the SECP vide its Circular No. 18 of 2017 dated August 01, 2017, has granted listed companies one time relaxation from the afore-mentioned requirements of the Act, for payment of cash dividend, till October 31, 2017.

In view of the above, as notified to the members via notice issued by the Company on August 17, 2017, it is hereby reminded to all members that the amount of cash dividends that which may be payable by the Company after October 31, 2017, would be credited directly into the bank accounts of respective members. Accordingly, all members of the Company who have not yet provided their bank account details to their participant/CDC Investor Account Services which maintains their CDC account, are again requested to provide the same (as per the format available on Company's website) at the earliest but not later than October 10, 2017, for incorporation of bank account details in order to enable the Company for payment of cash dividend through electronic mode.

It may kindly be noted that in case of non-communication of bank account details by the members within the afore-mentioned timeframe, the Company would be constrained to act in accordance with the provisions of the law, for withholding the amount of dividend which may be payable by the Company on or after November 01, 2017.

8. **Electronic Transmission of Annual Accounts/Financial Statements and Notices**

The Securities and Exchange Commission of Pakistan ["SECP"] vide its statutory notification (SRO 787(I)/2014) dated September 8, 2014, has granted an option to the members of a company to receive Annual Audited Financial Statements and Notices of General Meetings through email.

In view of the above, members of the Company, who intend to receive the Annual Audited Financial Statements and Notices of General Meetings of the Company through email, are hereby requested to give their consent on a prescribed format (available on the Company's website) to our Share Registrar, FAMCO Associates (Private) Limited. However, a member, in addition, may request for a hard copy of Audited Financial Statements and the same would be provided by the Company, free of cost, within seven (7) days of receipt of such request.

9. **Consent for Video Conference Facility**

In term of SECP's Circular No.10 of 2014 dated May 21, 2014 read with provisions contained under Section 132(2) of the Act, members of the Company may also attend and participate in the AGM through video conference facility in Lahore and/or Islamabad, if members residing in the vicinity, collectively holding 10% or more shareholding, may demand in writing, to participate in the AGM through video conference (as per the format appended below) at least seven (7) days prior to the date of AGM.

After receiving the consent of members having 10% or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Consent for Video Conference Facility	
I/We/Messrs., _____ of _____, being a Member of Pakistan Stock Exchange Limited, holder of _____ Ordinary Share(s) as per CDC Participant ID & Sub-Account No. _____, hereby, opt for video conference facility at _____.	
<div style="text-align: right;">_____ Signature of the Member(s) (Please affix company stamp in case of corporate entity)</div>	

10. **Tax Implication on Dividend**

Pursuant to the provisions of Finance Act, 2017 effective July 1, 2017, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

- (a) For Filers of income tax returns 15%
- (b) For non-Filers of income tax returns 20%

At the time of dividend distribution, the Company, being a withholding agent, would check each member's status on the Active Taxpayers List ["ATL"] issued by Federal Board of Revenue (FBR) and apply the tax rates, as per provisions of the law. In this regard, all members are advised to immediately check their status on ATL and may, if required, take necessary action for inclusion of their name in the ATL. The Company, as per law, shall apply twenty (20%) rate of withholding tax if the member's name, with relevant details, does not appear on the ATL available on the FBR's website on the first day of book closure.

The members who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide details of their shareholding (as per the format appended below) to Share Registrar of the Company, latest by first day of book closure.

CDC Participant ID & Sub-Account No.	Name of Members (principal/joint holders)	Shareholding Proportion	CNIC/NICOP/ Passport No	Signature

11. **Requirement of Valid Exemption Certificate**

As per FBR's Circular 1(43) DG (WHT)/2008 - Vol. II-66417-R dated May 12, 2015, a valid exemption certificate is mandatory to claim exemption regarding requirement of withholding tax under Section 150 of the Income Tax Ordinance, 2001 [the "Ordinance"], where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available.

The members who fall in the category of afore-mentioned clause of the Ordinance and wish to avail exemption under provisions of the Ordinance, must provide valid Tax Exemption Certificate to Company's Share Registrar, before book closure otherwise tax will be deducted on dividend as per applicable rates.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

AGENDA ITEM 4: TRANSMISSION OF THE ANNUAL AUDITED ACCOUNTS THROUGH CD/DVD/USB

The Securities and Exchange Commission of Pakistan [“SECP”] vide its statutory notification (SRO 470(I)/2016) dated May 31, 2016, has allowed listed companies to circulate the annual balance sheet, profit & loss account, auditors’ report and directors’ report etc. [“annual audited accounts”] to its members through CD/DVD/USB at their registered addresses instead of transmitting the said accounts in hard copies.

In view of the above, the consent of members is being sought to authorize the Company to circulate the annual audited accounts of the Company to its members through CD/DVD/USB at their registered addresses. However, a member may request to the Company Secretary or Company’s Share Registrar to provide hard copy of annual audited accounts and the same would be provided at member’s registered address, free of cost within one (1) week of the demand.

Moreover, a ‘Standard Request Form’ containing postal and email address of the Company Secretary/ Share Registrar will be placed on website of the Company for members to communicate the request of hardcopies of the annual audited accounts instead of sending the same through CD/DVD/USB. A member may also prefer to receive hard copies for all future annual audited accounts.

None of the directors is personally interested in the above matter.

In view of the above, it is proposed that the Ordinary Resolution stated at Agenda Item No. 4 of this Notice of AGM, be approved.

REVIEW REPORT OF STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pakistan Stock Exchange Limited (the Company) for the year ended 30 June 2017 to comply with the said Code.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Further, we highlight below instances of departure from the requirements of the Code as reflected in the Statement of Compliance:

Clause Reference	Description
i. 8	In case of one board meeting, the notice of the meeting was not circulated within the prescribed time; and
ii. 8	The Chief Financial Officer of the Company attended 10 meetings of the Board of Directors out of 12 meetings held during the year.

Sd/-
EY Ford Rhodes
Chartered Accountants

Date: 28 August 2017

Place: Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance [“CCG” or the “Code”] contained in clause 5.19 of Chapter 5 of Pakistan Stock Exchange’s Regulations for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Pakistan Stock Exchange [the “Company” or “Exchange”] has applied the principles contained in the Code in the following manner:

- The size of the Board of Directors of the Company is of fifteen (15) Directors. However, as at the year end, there were 14 board members and currently, the Company is in the process of filling the casual vacancy which occurred during the year (see point 4). The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board. At present, the Board includes:

Category	Names
Executive Director	Managing Director (i) Mr. Haroon Askari
Non-Executive Directors	Shareholders’ Directors (i) Mr. Abdul Majeed Adam* (ii) Mr. QUE Bo (iii) Mr. Ahmed Chinoy (iv) Mr. Abid Ali Habib (v) Ms. Yu Huali (vi) Mr. Li Peng (vii) Mr. Zheng HU**
Independent Directors	(i) Mr. Samir Ahmed (ii) Ms. Rahat Kaunain Hassan (iii) Mr. Tawfiq A. Hussain (iv) Mr. Muhammad Naeem SECP’s Nominee Directors (i) Mr. Muneer Kamal (ii) Mr. Moin M. Fudda

* Subsequent to year end, Mr. Abdul Majeed Adam resigned as director from the Board

** Subsequent to year-end, Mr. Zhiping Rong replaced Mr. Zheng HU as Director on the Board

2. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC.
4. During the year, two (2) casual vacancies occurred on the Board, out of which one (1) was filled by the Board immediately, while the other is proposed to be filled within the timeframe, as allowed by CCG.
5. The Company has developed a “Code of Conduct” and supporting policies and procedures which have been disseminated throughout the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer [“CEO”], other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Twelve (12) meetings of the Board were held during the year and written notices along with agenda and working papers, were circulated at least seven (7) days before the meetings except for one (1) meeting. The minutes of the meetings were appropriately recorded and circulated. During the year, the Chief Financial Officer [“CFO”] of the Company attended all but two (2) meetings of the Board of Directors.
9. During the year, the Board arranged two (2) training programs for its directors who acquired certification under Director’s Training Program that meet the criteria specified by SECP.
10. The appointment, remuneration and terms and conditions of employment of the CFO, Company Secretary and the Head of Internal Audit are approved by the Board of Directors. However, there was no new appointment of CFO, Company Secretary and the Head of Internal Audit during the year.
11. The Directors’ report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of four (4) members including the Chairman. All members of Audit Committee are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The total number of meetings held during the financial year ended on June 30, 2017 was six (6). The terms of reference of the committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of four (4) members including the Chairman. All members of the said Committee are non-executive directors.
18. The Board has set up an effective internal audit function through a combination of internal resources and outsourced expertise procured from Deloitte Yousuf Adil, Chartered Accountants (Deloitte-Pakistan). Internal Auditors are conversant with policies and procedures of the Company and are considered suitably qualified and experienced for the purpose. The internal resources are engaged in internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partner are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The Board has adopted a mechanism for annual evaluation of the Board's performance.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and the Exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through the Exchange.
24. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. All other material principles enshrined in the CCG have been compiled with.

On behalf of the Board of Directors

Sd/-
MUNEER KAMAL
Chairman

Sd/-
HAROON ASKARI
Managing Director

Karachi

Dated: August 28, 2017



CHAIRMAN'S REVIEW



CHAIRMAN'S REVIEW



It gives me immense pleasure to present to you the Annual Report of Pakistan Stock Exchange Limited (PSX) for the financial year ended on June 30, 2017. This is the first Report of PSX as a listed entity which status imposes dual responsibility on PSX to look after the public interest – first, as a frontline regulator or capital markets of Pakistan and second, as a commercial enterprise.

In many ways, the financial year under review can be considered as a momentous period that is likely to have set the tone for PSX's long term growth and success as one of the leading exchanges of the world. Apart from usual policy matters requiring review and approval of operational and regulatory matters, the major milestones achieved by PSX, wherein the Board remained extensively involved are as under:

DIVESTMENT

PSX completed the sale of its strategic stake to Chinese Consortium in a landmark deal where shares equivalent to 40% of its paid-up capital were transferred to 5 members of the Consortium which include 3 Chinese exchanges, namely; China Financial Futures Exchange Limited, Shanghai Stock Exchange and Shenzhen Stock Exchange, and 2 local financial institutions; viz., Pak China Investment Company Limited and Habib Bank Limited. The Divestment Committee, constituted by SECP steered the process and the Board, while overseeing the progress, took all necessary measures for completion of required tasks within the stipulated timelines.

Accordingly, the Share Purchase Agreement [SPA] was entered into by the Committee, PSX and the Consortium members on December 27, 2016. In pursuance of the SPA, at the mutually agreed Closing Date of March 10, 2017, all formalities were completed and 4 nominees of the Consortium replaced 4 SECP-nominated directors on the Board of PSX with effect from said date, under the directive of SECP. The right of nominating personnel to three key management positions was also provided to the Chinese Consortium.

Offer for Sale of shares and self-listing of PSX

Following the completion of process for divestment of 40% equity stake of PSX to Anchor Investor, the process of sale of PSX's 20% shares lying under blocked accounts of initial shareholders, by way of an offer for sale through book building and public subscription was productively

completed within a very challenging timeframe, and the listing process was concluded towards the end of the year when PSX was self-listed on June 29, 2017.

PSX'S RE-CLASSIFICATION INTO MSCI EMERGING MARKET INDEX

The PSX Board and management took two pronged strategies i.e. removing certain operational hurdles faced by foreigners in accessing the market, and organizing local and international roadshows and webinars with a view to directly address the concerns of the foreign investors. Rapid pace of reforms in governance, operating process, information technology platform and institutional capacity building have created the foundation for rapid growth in the future. Recognition of this process and regulatory initiatives by the SECP led Morgan Stanley Capital International (MSCI) to upgrade Pakistan from Frontier Market Index and re-classify it into Emerging Market Index with effect from June 01, 2017, paving way for enhanced foreign portfolio investment.

The Board of Directors of PSX stayed closely involved in all the activities related to the above matters and facilitated the management/SECP with speedy actions and/or guidance, wherever required, for execution of necessary tasks.

PSX's Board remained engaged with the management as well as Securities and Exchange Commission of Pakistan (SECP) and other stakeholders to ensure that the Exchange performs its functions in smooth and efficient manner. The Board took up a number of regulatory as well as commercial matters and took appropriate decisions in these respects.

MEETINGS HELD DURING THE YEAR

During the financial year ended June 30, 2017, 12 meetings of the Board (08 scheduled and 04 emergent) were held.

COMMITTEES OF THE BOARD

In compliance with the Plan for 'Segregation of Commercial and Regulatory Functions of Stock Exchanges', approved by SECP and Code of Corporate Governance (CCG) and in order to meet the specific requirements of the Exchange as a frontline regulator and a commercial entity, the Board has constituted a number of committees.

During the year a new 'Listing Committee' was also formed, which apart from members of the Board also includes industry experts. The Board authorized the Committee to clear Prospectus of the prospective listed companies.

RE-CONSTITUTION OF THE BOARD OF DIRECTORS

As provided under Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the Board of Directors of PSX, earlier composed of 6 directors nominated by SECP, 4 elected directors representing TREC Holders and the Managing Director, underwent changes such that the 4 nominees of SECP were replaced upon the directive of SECP to allow co-option of 4 nominees of Chinese Consortium. Simultaneously, on the request of the Board, SECP approved re-appointment of the above four outgoing directors as 'independent directors' on the Board of PSX, as per the requirement of Securities Exchanges (Licensing and Operations) Regulations, 2017.

Just before the year-end and upon listing of PSX, Mr. Muhammad Yasin Lakhani, being the CEO of Lakhani Securities (Private) Limited – a corporate TREC-Holder of PSX, ceased to be the director of PSX, in accordance with the provisions of section 153 (k) of Companies Act, 2017. The Board, in consultation with SECP, is in the process of appointing another director to fill the casual vacancy so created on the Board.

Moreover, during the year under review, Mr. Nadeem Naqvi, the former Managing Director of PSX completed his term of employment and retired. The relevant Committee of the Board, in consultation with the Chinese partners, is in the process of finalizing the names of suitable candidates for the position.

INVESTOR AWARENESS

PSX is actively pursuing the program for increased investors' awareness and has organized various events as a part of its public outreach strategy.

ACKNOWLEDGEMENT

In the end, I would like to express gratitude to my past and present colleagues at the Board as well as the management of PSX for their dedication and efforts to take PSX to newer heights. A note of thanks is also due to Securities and Exchange Commission of Pakistan and the Government of Pakistan for their continued guidance and support.

I look forward to see PSX achieve new milestones in the next year and thereafter.

Sd/-

MUNEER KAMAL
Chairman of the Board

Dated: August 28, 2017



“DIRECTORS’ REPORT”

DIRECTORS' REPORT

The Board of Directors of Pakistan Stock Exchange Limited [PSX] is proud to present the first Annual Report of PSX as a public listed entity for the financial year ended June 30, 2017. The listing process of PSX concluded on June 29, 2017 after sale of shares representing 20% of its paid-up capital to the general public through Offer for Sale. Earlier, 40% of PSX's equity stake was sold in terms of a Share Purchase Agreement to Chinese Consortium comprising of China Financial Futures Exchange Limited, Shanghai Stock Exchange, Shenzhen Stock Exchange, Pak China Investment Company Limited and Habib Bank Limited. These significant developments herald a new era of growth and advancement in the capital market of Pakistan

FINANCIAL REVIEW

The pre-tax profit for the year ended June 30, 2017 (FY17) was Rs.318.9 million versus Rs.257.3 million which was higher by 24%. At the same time, the Net Profit after Tax (NPAT) was recorded at Rs.277.3 million against Rs.132.3 million – higher by 1.1x as the effective rate of taxation came out at 13.0% in FY17 versus 48.6% in FY16. The lower tax charge during the FY17 is mainly because of lower dividend received from one of the Associated Company due to restriction imposed by the SECP on the distribution of dividends by the Associated Company i.e. Central Depository Company of Pakistan Limited (CDC).

Total Revenue (excluding Share of Associates and other income) of Pakistan Stock Exchange Limited for the financial year ended June 30, 2017 was Rs.1.064 billion which was almost in line with last year. On the revenue side, the Annual listing fees grew by 6.1% to Rs.197.7 million (Rs.186.4 million in FY16) whereas initial listing fees grew by 14.8% to Rs.47.9 million (Rs.41.7 million in FY16) due to increase in the rights and bonus announcements by the Companies listed on the Exchange.

In terms of income from exchange operations, this depicted an improvement of 41% YoY to Rs.452.9 million in FY17 versus Rs.320.7 million in FY16. This was a result of 54% increase in trading fee to Rs.339.6 million versus Rs.221.0 million last year. The higher trading fee was a result of higher average daily traded value which, in FY17, came in at Rs.20 billion (Ready and Futures) versus Rs.12.8 billion in FY16, i.e. an increase of 56% YoY. Income from facilities & equipment and membership fee increased by 34% to Rs.74.2 million versus Rs.55.3 million in FY16 which was due to increase in the usage of the PSX internet trading platform provided to securities brokers and their customers, KITS and increase in the number of TREC holders due to integration of the stock exchanges.

The Net mark-up (interest) income was lower in FY17 by 55% at Rs.127.4 million versus Rs.280.7 million as interest rates declined during the year i.e. the effective interest rate for the FY17 was 6.4% versus 11.5% last year plus maturing of high yielding government bond investments while the reinvestment rates were sharply lower and also due to the transfer of the risk management function from the Exchange to the National Clearing Company of Pakistan Limited (NCCPL) with the latter assuming the role of Central Counter Party (CCP) as part of SECP directive which led to transfer of the Exposure margin deposits of members to NCCPL effective May 1, 2016. However, the above was compensated from service charges of Rs.62.9 million i.e. subsequent to the transfer of the risk management function from PSX to NCCPL, the said function was performed by NCCPL, whereas, IT servers, manpower and network of PSX is used, thereby NCCPL and PSX entered into a three year agreement where NCCPL agreed to reimburse 1% service charge to PSX on average brokers' balances.

Management fee also declined by 37% to Rs.113.6 million versus Rs. 179.1 million as the transfer of the risk management function from the Exchange to the National Clearing Company of Pakistan Limited (NCCPL) with the latter assuming the role of Central Counter Party (CCP) as part of SECP directive led to transfer of a significant portion of funds in the CHPF to NCCPL effective May 1, 2016.

Rental income from investment property rose by 8.5% to Rs.61.3 million, in line with annual rent increases paid by tenants. There was also a one-off fillip in revenue from other income, due to Supreme Court's favorable decision regarding Workers' Welfare Fund which boosted other income by Rs.18.9 million.

Operating Cost of the Exchange increased by Rs.76.3 million (7.3% YoY) to Rs.1,122.5 million from Rs.1,045.8 million in FY16. Human Resource cost rose by 10% to Rs.455.4 million in FY17 from Rs.413.1 million in FY16. This includes the full year impact of induction of Lahore and Islamabad staff into PSX post integration and new

two-year charter of unionized staff. Other expense heads with significant cost increase due to full year impact of integration of the exchanges were rental expense of premises in Lahore and Islamabad and IT maintenance related expense which were recorded at Rs.101.8 million in FY17 versus Rs.77.6 million in FY16 i.e. an increase of 31% YoY.

Legal and professional fees depicted a decrease of Rs.13.1 million to Rs.23.9 million due to saving in non-recurring expenses primarily incurred last year related to integration of the exchanges. Receptions & meetings expense showed an increase of 50% to Rs.29.2 million which related to the events held to mark the Signing Ceremony of the Shareholder Agreement between PSX owners and the Chinese Strategic Investor Consortium with respect to divestment of 40% shares of PSX, listing of 20% shares offered through Public offering, Promotional Events and Directors meetings. Subscription fee increased to Rs.10.7 million from Rs.2.7 million due to membership fee paid to International Organization of Securities Commissions (IOSCO), an international body that brings together the world securities regulators. Travelling and Conveyance expenses were lower by 30% YoY (reduction of Rs.9.3 million) as last year there was significant foreign travel involved due to international road shows related to MSCI Upgrade marketing efforts by PSX as well as presentations to potential strategic investors for the 40% equity stake divestment.

During the FY17, significant expense of Rs.115.4 million and Rs.35.4 million was booked which pertains to the loss on sale/transfer of fixed asset and provision for impairment against transfer of sub-lease of properties in the new building/main building constructed within the PSX campus respectively. The brief back ground to this is as follows:

In April 2012 a concept paper was presented to the Board of PSX by the management highlighting that an old building structure on 1,950 square yards within the Exchange's campus was in highly dilapidated condition. It had offices of brokers, banks and other occupants on the basis of "Leave and License Agreement". The concept paper proposed that this old building structure be demolished and in lieu of that, the occupants be provided leases in modern premises in a new building to be constructed besides the Exchange's administration block on an area of approximately 400 square yards. Such an arrangement would benefit the Exchange by freeing up this 1,550 square yards approximately, which could then be classified as unencumbered and added to the overall value of the Leasehold Land of the Exchange of approximately Rs. 625 million as per the current valuation.

After deliberations, the Board of PSX approved the concept paper and the project commenced. The total cost of construction/de-recognition of the new building/main building came to around Rs. 151 million.

The accounting treatment of the above exercise envisages that as the rooms in the New Building/main building get leased out to the occupants of the old building structure as part of the swap agreement, the construction cost has to be derecognized as provisions against the sub-lease rights. Hence, as at the year end June 30, 2017, a loss on sale of fixed asset and provision for impairment has been booked aggregating to Rs.150.8 million.

However, at the same time, the ground floor of the New Building had additional space after swapping premises to two banks occupying the old structure. The banks agreed to occupy this additional space through new lease agreements with the Exchange. The total proceeds received against the sale of the leased space is Rs.98.28 million. However, the gain on sale of the said space in the New building is recorded at Rs.94.3 million (net of book value).

The share of profit from associates for the Exchange was Rs.391.6 million in FY17 as against Rs.246.2 million in FY16, showing a growth of 59%. This was a result of better level of trading activity in the stock market and better performance and growth in the revenues of the Associated Companies.

As noted above, after incorporating share of profit from associates, pretax profit of PSX was Rs.318.9 million in FY17 versus Rs. 257.3 million in FY16 whereas the profit after tax in FY17 came to Rs. 277.3 million versus Rs. 132.3 million in FY16. The Earnings per Share (EPS) in FY17 was Re.0.35 versus Re.0.17 in FY16.

Dividend

The directors have recommended a final cash dividend of Re.0.20 per share, in addition to an interim cash dividend of Re.0.10 per share already paid. This makes a total cash dividend of Re.0.30 per share or Rs.240.44 million out of the profit of Rs. 277.29 million for FY17, as follows:

(Rupees in '000)

Profit for the year	277,294
Profit available for distribution	277,294
Interim cash dividend @ 1.0%	80,148
Final cash dividend @ 2.0%	160,295
	240,443
Balance carried forward	36,851

Earnings per share

The basic and diluted earnings per share is Re. 0.35

GLOBAL & MACRO DYNAMICS

According to the World Economic outlook, Global economic activity is on the rise with a long-awaited cyclical recovery in investment, manufacturing and trade. This strengthening of the global economy is a welcome diversion from the narrative of continued negative expectations for slowing global growth over the next decade. The latest International Monetary Fund estimate suggest buoyant financial markets and beginning of increased activity in manufacturing and trade. The report states that the cyclical upswing and the productivity revival will help world growth which is projected to rise from 3.1 % in 2016 to 3.5 % in 2017 and 3.6 % in 2018, slightly above the October 2016 World Economic Outlook (WEO) forecast.

As a result, the economic activity is projected to pick up markedly in emerging market and developing economies because conditions in commodity exporters experiencing macroeconomic stresses are gradually expected to improve, supported by the partial recovery in commodity prices, while growth is projected to remain strong in China and many other commodity importers. In advanced economies, the pickup is primarily driven by higher projected growth in the United States, where activity was held back in 2016 by inventory adjustment and weak investment. Headline inflation has been picking in advance economies due to higher commodity prices however, core inflation has moderately improved in Japan and parts of euro area with notable gains in equity market in both advanced and emerging market economies.

However, the structural impediments such as low productivity growth and high income inequality—continue to hold back a stronger recovery. pressures for inward-looking policies are increasing in advanced economies. The likelihoods of these policies will impact global economic integration and the cooperative global economic order that has served the world economy, especially emerging market and developing economies.

Against this backdrop, economic policies have a vital role to play in staving off downside risks and securing the recovery.

PAKISTAN'S ECONOMIC PERFORMANCE

According to the Economic Survey of Pakistan, the country has achieved 5.28 % GDP growth during FY 2016-17 as against the target of 5.7 %, taking the economy beyond US\$ 300 Billion. Despite missing the target, the GDP growth is highest in the last one decade. The actual fiscal deficit during 2016-17 hit its target and stood at 3.8%. The inflation in FY 2016-17 clocked at around 4.1%, lower than the expected target of 6%. Industrial sector grew at 5.00 % during FY 2016-17. Large scale manufacturing sector grew at 4.9 % as compared to target of 5.9 %. Small scale manufacturing sector recorded a growth of 8.2 % during ongoing financial year FY 2016-17, almost right on its target.

The services sector surpassed the growth target of 5.7 %, as its growth reached 6 % during FY 2016-17. The growth in agriculture sector achieved its target of 3.5 % in FY 2016-17. The national debt now stands at Rupees 20.8 trillion (less than 60% of the GDP) as compared to the target of 61.4% of GDP for FY 2016-17. The Tax Revenue collections of the Federal Board of Revenue (FBR) would certainly miss the target of Rupees 3,621 Billion for FY 2016- 17 as the FBR tax revenues for July-April in FY 2016-17 amassed to Rupees 2,518.7 Billion. The non-tax revenue collection for nine months (July-March) FY 2016-17 stood at Rupees 451 Billion and is highly unlikely to meet the target of Rupees 951 Billion for the entire financial year.

The Government also missed the target of enhancing investment to GDP ratio to 17.7 %, as it clocked at 15.78 % during FY 2016-17. The electricity and gas generations and distributions have recorded growth of 3.4 % in FY 2016-17 against the target of 12.5 %. The construction sector recorded an impressive growth of 9.05 % during ongoing financial year, a bit behind its target of 13.2 %.

Pakistan's gross domestic product (GDP) based on purchasing power parity (PPP) just crossed \$1 trillion. By PPP ranking, Pakistan is now the 25th largest economy in the world. According to the World Data Atlas, Pakistan's GDP PPP in 2017 is \$1,060 billion, with a year-on-year growth of 7.32%. This is the highest-ever increase in a decade.

Investment promises to shore up growth going forward on the back of the China-Pakistan Economic Corridor (CPEC) program. Against this backdrop, Moody's affirmed Pakistan's B3 credit rating and left the outlook stable on 12 July.

CAPITAL MARKET REVIEW AND OUTLOOK

During the year the KSE 100 index increased by 23 % and closed at 46,565 point on June 30, 2017 versus 37,784 points on June 30, 2016. Market Capitalization has also increased from Rs.7,588.5 billion to Rs. 9,522.4 billion.

Country / Exchange	Stock Name	1-Jul-17	30-Jun-16	%	Country/ Exchange	Stock Name	1-Jul-16	30-Jun-15	%
Honk Kong	Hang Seng	25,764.58	20,794.37	23.9%	Pakistan	KSE 100 Index	34,398.86	37,784.00	9.8%
PSX	KSE 100 Index	46,565.29	37,783.54	23.2%	Vietnam	VNINDEX	593.05	632.00	606%
Vietnam	VN	776.47	632.26	22.8%	Philippines	PCOMP	7,564.5	7,796.00	3.1%
MSCI EM	MSCI EM	1,010.80	834.1	21.2%	Indonesia	JCI Index	4,910.66	5,017.00	2.2%
Indonesia Jakarta	Composite	5,829.71	5,016.65	16.2%	India	SENSEX Index	27,780.83	27,000.00	-2.8%
MSCI FM	MSCI Frontier	563.67	489.11	15.2%	Malaysia	FBMKLCI	1,706.64	1,654.00	-3.1%
Bombay	BSE 30	30,921.61	26,999.72	14.5%	MSCI EM	MIXEF Index	978.25	834.00	-14.2%
Singapore	Strait Times	3,226.00	2,840.93	13.6%	Singapore	FSSTI Index	3,317.33	2,841.00	-14.4%
China	Shanghai Comp.	3,192.43	2,929.31	9.0%	MSCI FM	MXFM Index	577.6	489.00	-15.3%
Bursa Malaysia	EMAS	12,598.94	11,530.21	9.3%	Hong Kong	HSI Index	26,250.03	20,794.00	-20.8%
Philippine	PSEI	7,843.16	7796.25	0.6%	China	SHCOMP Index	4,277.22	2,930.00	-31.5%

The average daily turnover (T+2 & DFM) has been increased by 62% from 258 million shares to 418 million shares. The average daily value traded (T+2 & DFM) has also increased to Rs.19.25 billion from Rs.12.27 billion. Due to current political uncertainty, the KSE 100 index has decreased to 43,899 points, as on August 15, 2017. The investors are cautious and the average daily turnover was recorded at 256 million shares on August 25, 2017, versus 418 million shares on June 30, 2017.

The KSE 100 index was driven by strong inflow of domestic liquidity and mutual funds emerged as the largest net buyers of USD 575.8 million followed by Insurance USD. 220.4 And companies USD 127.2 million. This strong buying by local institutions investors was sufficient to absorb the steady selling of foreign investors who offloaded USD 652.1 million of Pakistan equities. The rally was driven mainly by growth & encouraging quarterly result announced by Energy & power, Cement and automobile sectors.

Going forward we expect the market to continue its upward trajectory as KSE 100 index is still trading at a sizable discount to its emerging market peers in terms of multiple and dividend yield. The CPEC is now a reality and it is expected to bring significant investments for infrastructure projects, especially road networks and energy projects which bodes well for Pakistan's equity market.

TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE, AND POSITION OF THE COMPANY'S BUSINESS

During the FY 2016-17, PSX hired McKinsey & Company to help the Exchange in the following areas:

- Broadening investor base;
- Increasing its pool of listed securities;
- Expanding product and asset class offerings; and
- Developing ancillary products and services to diversify revenue base.

Phase I of their engagement involved developing a three year business plan and roadmap for submission to SECP. Their business plan revolved around identifying opportunities to introduce new asset classes, investors, issuers and diverse revenue sources.

Phase II of their engagement will involve helping PSX drive the transformation through a transformation office, executing cost and data monetization initiatives and organisation change. PSX's association with McKinsey will help in increasing the bourse's future revenues and profitability and in positioning it for further growth and expansion.

DIVESTMENT

Under the Regulations introduced in Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012, the Divestment Committee constituted by SECP steered the process for divestment of equity stake of PSX, out of the shares lying in blocked accounts and took all necessary measures for completion of required tasks within the stipulated timelines.

As apprised previously in last Annual and Half yearly reports, various Expressions of Interest [EOIs] were received for acquisition of PSX's 40% equity stake and after the process of due diligence, the sealed bids submitted by the eligible prospective investors were opened on December 22, 2016 whereby the Consortium comprising of three Chinese exchanges namely; China Financial Futures Exchange Limited, Shanghai Stock Exchange, Shenzhen Stock Exchange, and two local financial institutions i.e. Pak China Investment Company Limited and Habib Bank Limited, emerged as the successful bidder to acquire 40% equity stake in PSX. As such, the Share Purchase Agreement [SPA] was entered into by the Committee, PSX and the Consortium members on December 27, 2016.

In pursuance of the SPA, certain actions were required to be taken by respective parties by the Closing Date of March 10, 2017. PSX obtained approval from its shareholders at the Extraordinary General Meeting held on February 06, 2017, for amending its Articles of Association to provide for, among other matters, the right of nominating personnel to key management positions vested to the directors representing the Consortium.

Accordingly, 40% shares of PSX were transferred to the accounts of Consortium members in an assigned ratio and conversely, 90% amount of sale consideration (after retaining 10% thereof in an Escrow Account for one year) was disbursed to the selling shareholders equally. Moreover, 4 nominees of the Consortium replaced 4 SECP-nominated directors on the Board of PSX with effect from March 10, 2017, under the directive of SECP.

OFFER FOR SALE OF SHARES AND SELF-LISTING OF PSX

Following the completion of process for divestment of 40% equity stake of PSX, SECP introduced further Regulations in Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012 ["CDI Regulations"], to provide for the manner of offer for sale of shares and self-listing of PSX. Moreover, the Offer was also subject to the provisions of Public Offering Regulations, 2017. These shares were offered first to eligible investors through book building at a strike price of Rs. 28 per shares and then through public subscription at the same rate.

The process of offer for sale of 160,295,320 shares of PSX representing 20% of its total paid-up share capital was productively completed, upon which the shares of PSX were self-listed within the challenging timeline on June 29, 2017.

In accordance with Public Offering Regulations, 2017, the shares held by the selling (initial) shareholders/sponsors of PSX at the time of listing will remain blocked for a period of 1 year from the last date for public subscription and thereafter, the said shareholders would be required to retain at least 25% of the said shares for a further period of 3 years.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

The capital markets are amongst the larger contributors to the national exchequer. During FY17, the Company collected taxes from TREC Holders on securities market transactions and paid an aggregate amount of Rs.2,467.60 million to the Government Exchequer (Rs.960.25 million in FY16).

INVESTMENTS IN ASSOCIATES AND OTHER COMPANIES

The Company currently holds investments in following associate and other companies:

Name of company	Amount invested (Rs. in million)	Percentage shareholding	As appearing in the accounts (Rs. in million)
Associates			
Central Depository Company of Pakistan Limited [CDC]	398.08	39.81	1,345.12
National Clearing Company of Pakistan Limited [NCCPL]	328.82	47.06	640.22
Others			
JCR-VIS Credit Rating Company Limited [JCR-VIS]	2.50	12.50	2.50
Pakistan Mercantile Exchange Limited [PMEX]*	94.82	28.41	74.82

* PSX holds 8,909,052 (2016: 8,909,052) ordinary shares of Rs.10 each in PMEX, which include 5,272,704 ordinary shares of Rs.10 each subscribed by PSX during the year 2014-15 under a right offer. During the year 2015-16, 2.8 million convertible preference shares of Rs.10 each of PMEX held by National Bank of Pakistan (NBP) and Pak Brunei Investment Company Limited (Pak Brunei) were converted into ordinary shares. Moreover, NBP also converted dividend on preference shares into ordinary shares, whereas Pak Brunei took up 0.63 million shares out of the unsubscribed portion of the aforementioned right shares. As such, shareholding of PSX in PMEX has reduced from 32.32% to 28.41%. There still remains 15,844,838 shares unsubscribed portion of the said right offer of PMEX which, has been offered to PSX and the same is under consideration of the Board, subject to Shareholders' approval. If subscribed, the holding of PSX in PMEX will increase to 52.44%.

As per the un-audited financial statements of PMEX for the year ended June 30, 2017, the total comprehensive loss for the year is Rs.15.239 million (June 30, 2016: profit of Rs.29.652 million) and accumulated losses as at June 30, 2017 are Rs.415.294 million (June 30, 2016: Rs.400.056 million). Break-up value of each ordinary share of Rs.10 in PMEX is negative Rs.2.53 (2016: negative Rs.2.07) based on the unaudited accounts of PMEX available for the year ended June 30, 2017. The original cost of investment in PMEX is Rs.94.82 million.

During the year, cash dividend @ 3.077% (2016: 32.5%) and bonus shares @ 53.846% (2016: Nil) by CDC and cash dividend @ 19% (2016: 90%) by NCCPL were respectively declared for the financial year ended June 30, 2016 and received by PSX.

BOARD OF DIRECTORS

As provided under Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, the Board of Directors of PSX, was composed of 6 directors nominated by SECP, 4 elected directors representing TREC Holders and the Managing Director. During the year, it underwent changes such that the 4 nominees of SECP, namely; Mr. Samir Ahmed, Ms. Rahat Kaunain Hassan, Mr. Tawfiq A. Hussain and Mr. Muhammad Naeem were replaced on the directive of SECP to allow co-option of 4 nominees of Chinese Consortium i.e. Mr. Zheng Hu, Mr. QUE Bo, Ms. Yu Huali and Mr. Li Peng. Simultaneously, on the request of the Board, SECP approved re-appointment of the above four outgoing directors as 'independent directors' on the Board of PSX, as per the requirement of Securities Exchanges (Licensing and Operations) Regulations, 2017.

Further, during the year, the second term of appointment of Mr. Nadeem Naqvi as the Managing Director of PSX expired on May 01, 2017. However, with the approval of the Board and SECP, the said term was extended till June 15, 2017. As such, at the end of the extended tenure of Mr. Nadeem Naqvi, the Board, with the approval of SECP, appointed Mr. Haroon Askari, the Deputy Managing Director, as the Acting Managing Director of PSX initially till July 31, 2017, the period was further extended till September 30, 2017 or till the date of appointment of new permanent Managing Director, whichever came earlier.

Moreover, upon the listing of PSX, Mr. Muhammad Yasin Lakhani, being the CEO of Lakhani Securities (Private) Limited – a corporate TREC-Holder of PSX, ceased to be the director of PSX, in accordance with the provisions of section 153(k) of the Companies Act, 2017. Further, subsequent to year end, another director Mr. Abdul Majeed Adam resigned from the Board. The Board, is in the process of assigning other eligible persons as director to fill the casual vacancies so created on the Board. Further, subsequent to year end, in terms of the approval of Board of Directors of China Financial Futures Exchange Limited, Mr. Zheng HU, their nominee on the Board of PSX, was replaced with Mr. Zhiping Rong with the approval of Regulatory Authorities of Pakistan and China.

As such the current Board of Directors of PSX consists of the following directors:

Directors nominated by SECP

1. Mr. Muneer Kamal (Chairman)

2. Mr. Moin M. Fudda

Independent Directors

1. Mr. Samir Ahmed

2. Ms. Rahat Kaunain Hassan

3. Mr. Tawfiq A. Hussain

4. Mr. Muhammad Naeem

Shareholder Directors

1. Mr. QUE Bo

2. Mr. Ahmed Chinoy

3. Mr. Abid Ali Habib

4. Ms. Yu Huali

5. Mr. Li Peng

6. Mr. Zhiping Rong

Acting Managing Director

1. Mr. Haroon Askari

The Board places its appreciation on record for the contribution made by the outgoing director, especially, during the processes of divestment and offer for sale of shares of the Exchange.

During the financial year ended June 30, 2017, 12 Board meetings (08 scheduled and 04 emergent) were held in which Directors' attendance was as follows:

Name of Director	From July 01, 2016 To March 09, 2017		From March 10, 2017 To June 30, 2017	
	Meetings held	Meetings attended	Meetings held	Meetings attended
Mr. Muneer Kamal	10	09	02	02
Mr. Nadeem Naqvi*	10	09	02	02
Mr. Abdul Majeed Adam	10	10	02	02
Mr. Samir Ahmed	10	08	02	02
Mr. QUE Bo			02	01
Mr. Ahmed Chinoy	10	10	02	02
Mr. Moin M. Fudda	10	10	02	02
Mr. Abid Ali Habib	10	10	02	02
Ms. Rahat Kaunain Hassan	10	09	02	02
Mr. Zheng Hu			02	01
Ms. Yu Huali			02	02
Mr. Tawfiq A. Hussain	10	10	02	02
Mr. Muhammad Yasin Lakhani*	10	10	02	02
Mr. Muhammad Naeem	10	10	02	02
Mr. Li Peng			02	02

* The persons ceased to be director before the year end.

Leave of absence was granted to directors who could not attend some of the Board meetings.

BOARD COMMITTEES

In compliance with the Plan for 'Segregation of Commercial and Regulatory Functions of Stock Exchanges', approved by SECP and Code of Corporate Governance (CCG) and in order to meet the specific requirements of the Exchange as a frontline regulator and a commercial entity, the Board has constituted a number of committees out of which the main statutory committees are Regulatory Affairs Committee, Nomination Committee, Audit Committee and Human Resources & Remuneration Committee. Under the directives of SECP, these committees were re-structured so as to exclude directors representing TREC holders /brokers therefrom.

No meeting of the Nomination Committee was held during the year, while attendance of members at the respective meetings of other 3 Committees is as follows:

Regulatory Affairs Committee

Name of the Committee Member	From July 01, 2016 To June 30, 2017	
	Meetings held	Meetings attended
Mr. Tawfiq A. Hussain (Chairman)	15	15
Mr. Moin M. Fudda	15	15
Ms. Rahat Kaunain Hassan	15	14
Mr. Muhammad Naeem	15	15

Audit Committee

Name of the Committee Member	From July 01, 2016 To March 09, 2017		From March 10, 2017 To June 30, 2017	
	Meetings held	Meetings attended	Meetings held	Meetings attended
Mr. Muhammad Naeem (Chairman)	05	05	01	01
Mr. Moin M. Fudda	05	05	01	01
Mr. Abdul Majeed Adam	05	03		
Mr. Muhammad Yasin Lakhani	05	05		
Mr. Abid Ali Habib	05	05		
Mr. Ahmed Chinoy	05	05		
Mr. Samir Ahmed			01	01
Mr. QUE Bo			01	0

Human Resource and Remuneration Committee

Name of the Committee Member	From July 01, 2016 To March 09, 2017		From March 10, 2017 To June 30, 2017	
	Meetings held	Meetings attended	Meetings held	Meetings attended
Mr. Muneer Kamal (Chairman)	01	01	03	03
Mr. Tawfiq A. Hussain	01	01	03	03
Mr. Moin M. Fudda	01	01	03	03
Mr. Abdul Majeed Adam	01	01		
Mr. Abid Ali Habib	01	01		
Mr. Muhammad Yasin Lakhani	01	01		
Mr. Ahmed Chinoy	01	01		
Mr. Li Peng			03	03

AUDITORS

EY Ford Rhodes, Chartered Accountants, have completed their assignment and stand retired. Being eligible, they have offered themselves for re-appointment. Based on the recommendation of Audit Committee, the Board further recommends re-appointment of EY Ford Rhodes, Chartered Accountants as PSX's auditors for the financial year ending on June 30, 2018.

CORPORATE GOVERNANCE

The Board of Directors and the Company remain committed to the principles of good corporate management practices with emphasis on transparency and disclosures. The Board and management are cognizant of their responsibilities and monitor the capital market operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Board is pleased to advise that PSX has complied, in all material respects, with the best practices contained in the Code of Corporate Governance, as fully explained in the attached Statement of Compliance. Further, as per the Code's requirements, the following specific statements are being made:

- Proper books of accounts of the Company have been maintained.
- The financial statements prepared by the management present fairly its state of affairs, the results of its operations and cash flows.
- Appropriate accounting policies have been consistently applied in preparation of financial statements which conform to the International Financial Reporting Standards, as applicable in Pakistan. The accounting estimates, wherever required, are based on reasonable and prudent judgment.
- The system of internal controls is sound in design. It has been effectively implemented by the management and is monitored by the internal and external auditors as well as the Board of Directors and the Audit Committee. The Board reviews the effectiveness of established internal controls through the Audit Committee and suggests, wherever required, further improvement in the internal control systems.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no reported instance of any material departure from the best practices of corporate governance.
- Significant deviations from last years' operating results, future plans and changes, if any, have been separately disclosed, as appropriate, in this report of the Directors.
- Value of investment of PSX Employees' Gratuity Fund is Rs.153.963 million based on unaudited accounts for the year ended June 30, 2017.
- Key operating and financial data of last 6 years has been included in this report.
- Pattern of shareholding is annexed to this report.

TRAINING PROGRAMS ATTENDED BY THE DIRECTORS

During the year, following directors attended and were certified under Directors' Training Programs from recognized institutes, in compliance with the requirement of the Code of Corporate Governance.

Name of the Director	Name of the Institute
Mr. Samir Ahmed	Lahore University of Management Sciences
Mr. Ahmed Chinoy	Pakistan Institute of Corporate Governance

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal controls and policies are designed to provide reasonable assurance regarding the effectiveness and efficiency of the Exchange's operations, reliability of financial information and compliance with applicable laws and regulations. Management ensures an efficient and effective Internal Controls System by carrying out risk assessment, identifying controls, reviewing pertinent policies/ procedures, and establishing relevant control procedures and monitoring systems. The Internal Control System has been designed to provide reasonable assurance to the shareholders and Board of Directors. The Management considers that the existing Internal Control System is adequate and has been effectively implemented and monitored.

DIRECTORS' RESPONSIBILITY IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

It is the duty of the Board of Directors to ensure that a system of sound internal control is established, which is effectively implemented and maintained at all levels within the company.

Moreover, the Audit Committee constituted by and reporting to the Board, among other matters, is also mandated to ascertain that the internal control systems, including financial and operational controls, accounting systems for timely and appropriate recording of revenue and expenditure, receipts and payments, as well as assets and liabilities, along with the reporting structure, are adequate and effective.

ENVIRONMENTAL IMPACT

The Company's business has no negative impact on the environment.

CORPORATE SOCIAL RESPONSIBILITY

Pakistan Stock Exchange, being a national institution and a responsible corporate citizen, strongly realizes its duty towards society. In view of this, PSX has a defined policy with respect to Corporate Social Responsibility [CSR] whereby an amount equivalent to 2% of the net profit before tax may be utilized for such activities.

During the year under review, no amount on account of donations was approved to be paid. However, as per the policy, the earmarked amount remaining un-utilized has been carried forward to the next year.

ACKNOWLEDGEMENT

The Board wishes to express its gratitude to PSX's TREC Holders and other stakeholders for their continued commitment and support to PSX and the capital markets. The Board is also grateful to the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Federal Board of Revenue and the Ministry of Finance, Revenue & Economic Affairs, Government of Pakistan, for their active support and guidance to PSX at all times.

Furthermore, the Board would like to thank all Committee members for their guidance and support. The Board acknowledges and appreciates the contribution and dedication of all PSX staff members in performing their tasks with diligence and commitment, specifically demonstrating exemplary performance in achieving smooth transition in the integration process ranging from IT, operations and marketing /branding functions.

For and on behalf of the Board of Directors

MUNEER KAMAL
Chairman

HAROON ASKARI
Managing Director

Karachi
Dated: August 28, 2017



MARKET PERFORMANCE



TEXTILE



342.9 Rs in Billion
Market Capitalization

153
No. of Companies

5%
Growth from FY 2016

4%
Weightage in Total
Market Capitalization

3%
Weightage in KSE 100 index

CEMENT



795.85 Rs in Billion
Market Capitalization

20
No. of Companies

16%
Growth from FY 2016

8%
Weightage in Total
Market Capitalization

12%
Weightage in KSE 100 index

TOBACCO



610.4 Rs in Billion
Market Capitalization

3
No. of Companies

51%
Growth from FY 2016

6%
Weightage in Total
Market Capitalization

1%
Weightage in KSE 100 index

POWER GENERATION



488.2

Rs in Billion

Market Capitalization

19

No. of Companies

47%

Growth from FY 2016

5%

Weightage in Total
Market Capitalization

7%

Weightage in KSE 100 index

OIL & GAS



1579.6 Rs in Billion
Market Capitalization

12
No. of Companies

18%
Growth from FY 2016

17%
Weightage in Total
Market Capitalization

17%
Weightage in KSE 100 index

AUTOMOBILE



650.6

Rs in Billion

Market Capitalization

22

No. of Companies

97%

Growth from FY 2016

7%

Weightage in Total
Market Capitalization

5%

Weightage in KSE 100 index

FERTILIZER & CHEMICAL



884.3 Rs in Billion
Market Capitalization

35
No. of Companies

7%
Growth from FY 2016

9%
Weightage in Total
Market Capitalization

12%
Weightage in KSE 100 index

PHARMACEUTICAL



309.8 Rs in Billion
Market Capitalization

10
No. of Companies

29%
Growth from FY 2016

4%
Weightage in Total
Market Capitalization

3%
Weightage in KSE 100 index

FOOD & PERSONAL CARE



765.4 Rs in Billion
Market Capitalization

21
No. of Companies

14%
Growth from FY 2016

8%
Weightage in Total
Market Capitalization

3%
Weightage in KSE 100 index

COMMERCIAL BANKS



1657.2

Rs in Billion

Market Capitalization

21

No. of Companies

21%

Growth from FY 2016

17%

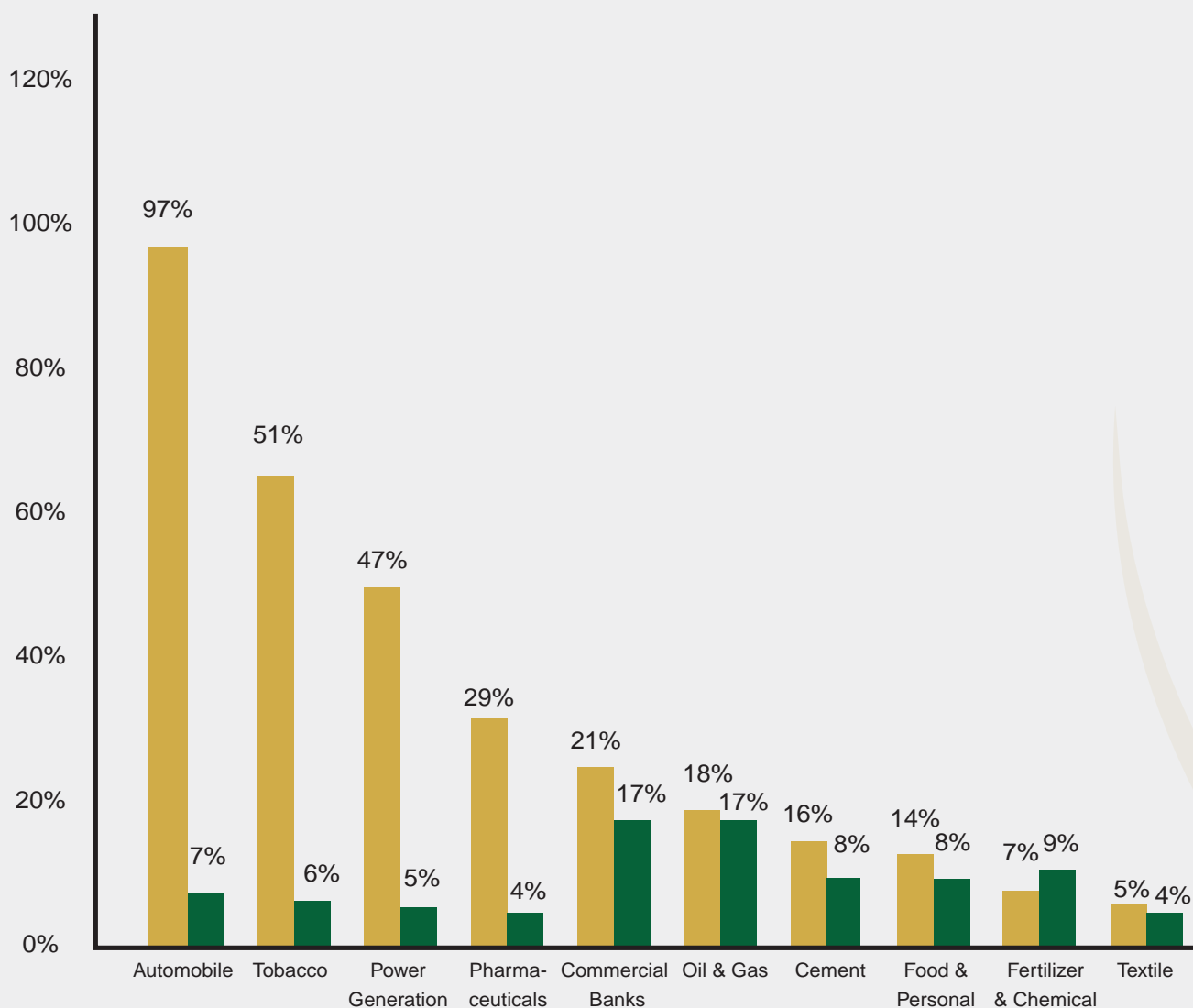
Weightage in Total
Market Capitalization

23%

Weightage in KSE 100 index

PERFORMANCE OF KEY SECTORS:

MAJOR SECTORS AT PSX
(CONSTITUTING 85% OF TOTAL MARKET CAPITALIZATION OF US \$ 91 BN)
As at June 30, 2017



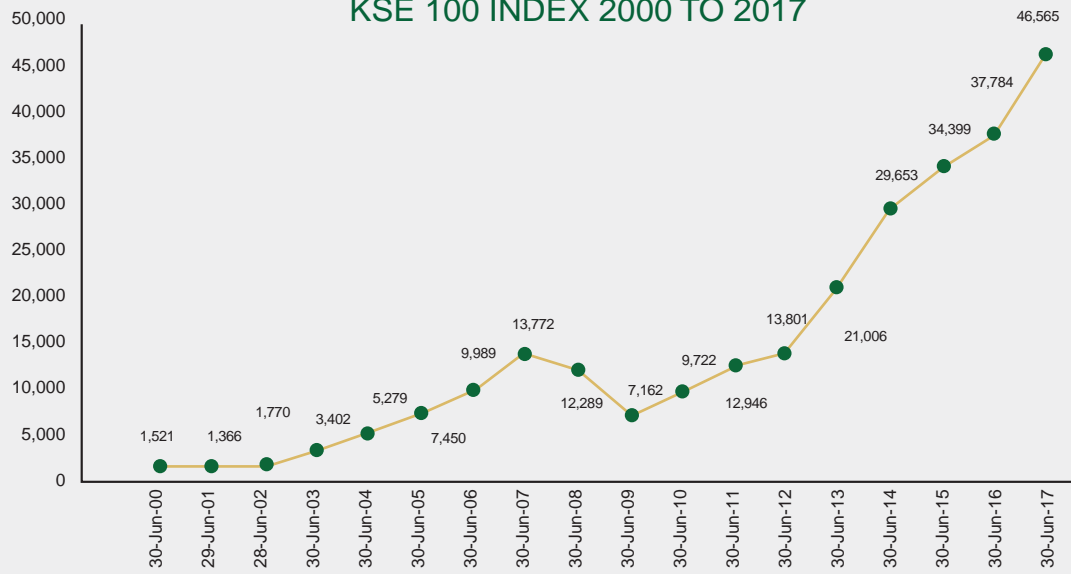
MARKET HIGHLIGHTS:

DESCRIPTION	2013	2014	2015	2016	2017
Total Listed Companies	569	557	560	559	560
Total Listed Capital (Rs. in million)	1,116,005	1,160,341	1,189,519	1,289,081	1,317,220
Total Market Capitalization (Rs. in million)	5,154,738	7,022,692	7,421,032	7,588,472	9,522,358
New Companies Listed	4	5	9	4	5
Listed Capital of New Companies (Rs. in million)	7,404	19,235	38,140	6,046	13,376
New Debt Instruments Listed	9	5	4	2	1
Total Issue Size of New Debt Instruments (Rs. in million)	12,255	8,779	31,000	13,000	10,500
Total Shares Volume (million)	54,319	56,581	57,204	55,430	88,599
Average Daily Share Volume (million)	221	229	233	221	363
Average Daily Trade Value (Rs. in million)	5,708	8,730	11,102	9,505	15,337
KSE Indices					
KSE – 100 Index					
Year End	21005.69	29652.53	34398.86	37783.54	46565.29
High	22757.72	29789.85	34826.51	38776.94	52876.46
Low	14142.92	21363.16	27774.43	30564.50	37966.76
KSE – All Share Index					
Year End	14987.53	21973.16	24036.72	25313.12	32494.30
High	16020.93	22064.49	25031.12	25632.17	36234.20
Low	9935.78	15150.36	20417.53	21268.58	25451.59
KSE – 30 Index					
Year End	16207.96	20415.95	21573.42	21653.02	24250.84
High	17787.71	20570.64	22614.13	22506.60	28173.24
Low	12246.91	16290.83	18371.59	17807.82	21807.08
KMI – 30 Index					
Year End	36713.89	47686.55	57271.34	66162.77	78598.22
High	38747.31	48065.30	58730.32	67519.80	91145.45
Low	24303.16	36759.88	45236.12	51626.03	66544.32

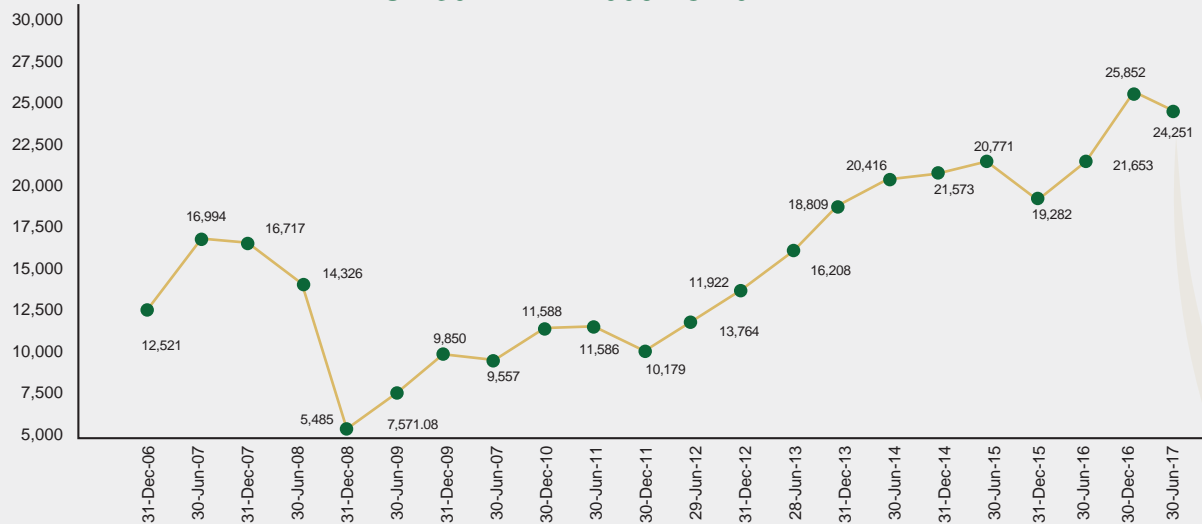
NOTES:

- The figures are from July to June.
- The total number of listed companies have been stated after 25 companies de-listed in 2013, 15 companies de-listed in 2014, 4 companies de-listed in 2015, 9 companies de-listed in 2016 and 2 companies delisted in 2017 and 2 companies merged in 2014, 2 companies merged in 2015, 1 company merged in 2016 and 2 companies merged in 2017.
- The total listed capital has been stated after adjustment of capital of companies by way of merger, bifurcation and de-listing, etc.
- The KSE 100 Index was started in November 1991 with a base of 1000 points and it is recomposed semi-annually and was last re-composed on February 28, 2017 closing statistics.
- The KSE All Share Index based on the prices of August 29, 1995 = 1000, commenced w.e.f. September 18, 1995.
- The KSE – 30 Index based on the prices of June 30, 2005 = 10000, introduced w.e.f. September 01, 2006.
- The KMI – 30 Index introduced w.e.f. September 01, 2008.

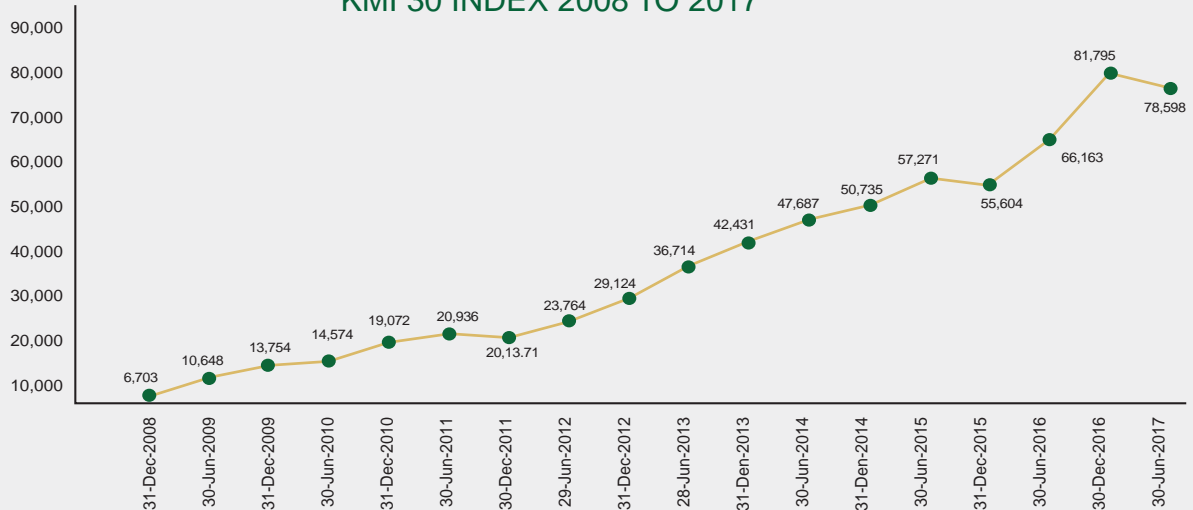
KSE 100 INDEX 2000 TO 2017



KSE 30 INDEX 2006 TO 2017



KMI 30 INDEX 2008 TO 2017



LISTING OF NEW COMPANIES – EQUITY

(SINCE JULY 2016 TO JUNE 2017)

Name of Company	Date of Listing	Paid up Capital	Rs. in million			
			Present Issue offered to		Subscription Received	
			General Public / Employees	Premium	General Public / Employees	Premium
TPL Properties Limited (At a premium of Rs.2.50 per share)	04-Jul-2016	2,080	-	-	-	-
Loads Limited (At a premium of Rs.24 per share)	01-Nov-2016	1,250	144	345	147	353
Roshan Packages Limited (At a premium of Rs.76.25 per share)	28-Feb-2017	1,075	81	620	85	650
GlaxoSmithKline Consumer HealthCare Pakistan Limited	22-Mar-2017	956	-	-	-	-
Pakistan Stock Exchange Limited (At a premium of Rs.18 per share)	29-Jun-2017	8,015	401	721	14	25
TOTAL		13,376	626	1,686	246	1,028

- (i) Book Building Portion of the offer comprised of 55,750,000 Ordinary Shares (26.80% of the Post Issue Paid up Capital) at a floor price of PKR 12.50 per share.
- (ii) Book Building Portion of the offer comprised of 35,625,000 Ordinary Shares (71.25% of the Total Issue) at a price band of PKR 15 per share to PKR 34 per share.
- (iii) Book Building Portion of the offer comprised of 24,375,000 Ordinary Shares (75% of the Total Issue) at a price band of PKR 35 per share to PKR 86.25 per share.
- (iv) The Company is being listed on the Exchange without public offer pursuant to the Scheme of Arrangement for De-merger of GlaxoSmithKline Pakistan Limited.
- (v) Book Building Portion of the offer comprised of 120,221,320 Ordinary Shares (75% of the Total Issue) at a floor price of PKR 28 per share.

LISTING OF NEW DEBT INSTRUMENTS

Rs. in million

Name	Date of Listing	Amount Offered			Subscription Received			Amount Listed
		General Public	Others	Total Issue	General Public	Others	Total	
Fatima Fertilizer Company Limited (Sukuk)	25-Jan-2017	2,625	7,875	10,500	10,718	7,875	18,593	10,500

LISTING OF OPEN-END MUTUAL FUND

Rs. in million

Sr. No.	Name of Fund	Date of Listing	Total Issue Size
1	HBL- Islamic Asset Allocation Fund	20-Jul-2016	119
2	JS Capital Protected Fund – V	09-Dec-2016	300
3	First Habib Islamic Income Fund	05-May-2017	235
4	Al-Ameen Islamic Financial Planning Fund –II	22-May-2017	2,370
5	Meezan Energy Fund	24-May-2017	290
6	Meezan Gold Fund	24-May-2017	72
7	Meezan Asset Allocation Fund	24-May-2017	179
8	Meezan Strategic Allocation Fund	24-May-2017	15
9	Alhamra Islamic Active Allocation Fund	20-Jun-2017	979
10	NAFA Islamic Active Allocation Fund- II	20-Jun-2017	978
11	Alfalsh GHP Islamic Prosperity Planning Fund	20-Jun-2017	1,656
12	UBL Capital Protected Fund– II	22-Jun-2017	423

APPLIED FOR LISTING

Sr. #	Name of Company
1	AGP Limited
2	Hira Terry Mills Limited
3	Dalda Foods Limited
4	Unicol Limited
5	Liberty Power Tech Limited
6	Macter International Limited
7	Topline Securities Limited
8	NIT Government Treasury Fund (Open-end Mutual Fund)
9	Hascol Petroleum Limited (Privately Placed Sukuk)

PROSPECTUS CLEARED BY THE EXCHANGE

Sr. #	Name of Company
1	TPL Life Insurance Limited
2	Sindh Bank Limited
3	Treet Corporation Limited (Perpetual Sukuk)

DELISTING OF COMPANIES / SECURITIES

Rs. in million

Sr. No.	Name of Company	Date of De-Listing	Paid up Capital
1	Resham Textile Industries Limited	06-Sep-2016	360
2	KASB Corporation Limited	28-Nov-2016	5,578

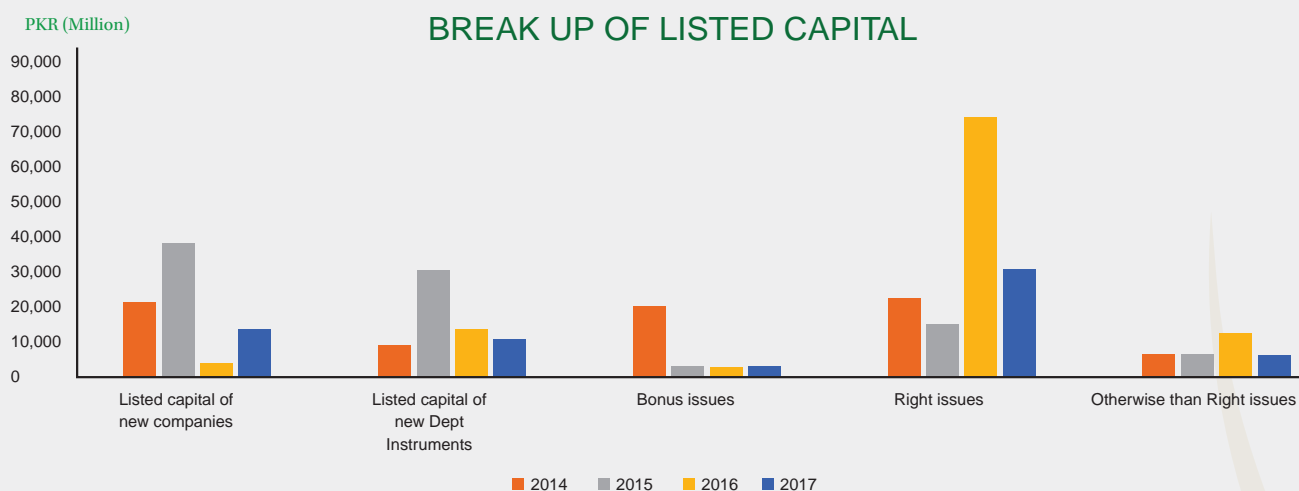
MERGER OF COMPANIES / SECURITIES

Sr. No.	Name of Company	Date of Merger	Merged With
1	Standard Chartered Leasing Limited	04-Aug-2016	Orix Leasing Pakistan Limited
2	Pakcem Limited	06-Jun-2017	Bestway Cement Limited

BREAK UP OF LISTED CAPITAL

(Rs. In million)

	2014	2015	2016	2017
Listed capital of new companies	19,235	38,140	6,046	13,376
Listed capital of new Debt Instruments	8,779	31,000	13,000	10,500
Bonus issues	18,559	3,413	3,212	3,627
Right issues	23,154	15,916	77,013	29,109
Otherwise than Right Issues	5,922	6,170	11,961	5,583
Increase in Capital due to Integration	-	-	4,050	-
Additional Issues / Adjustments	(6,252)	(13,589)	(455)	(2,078)



AVERAGE MONTHLY TURNOVER OF SHARES

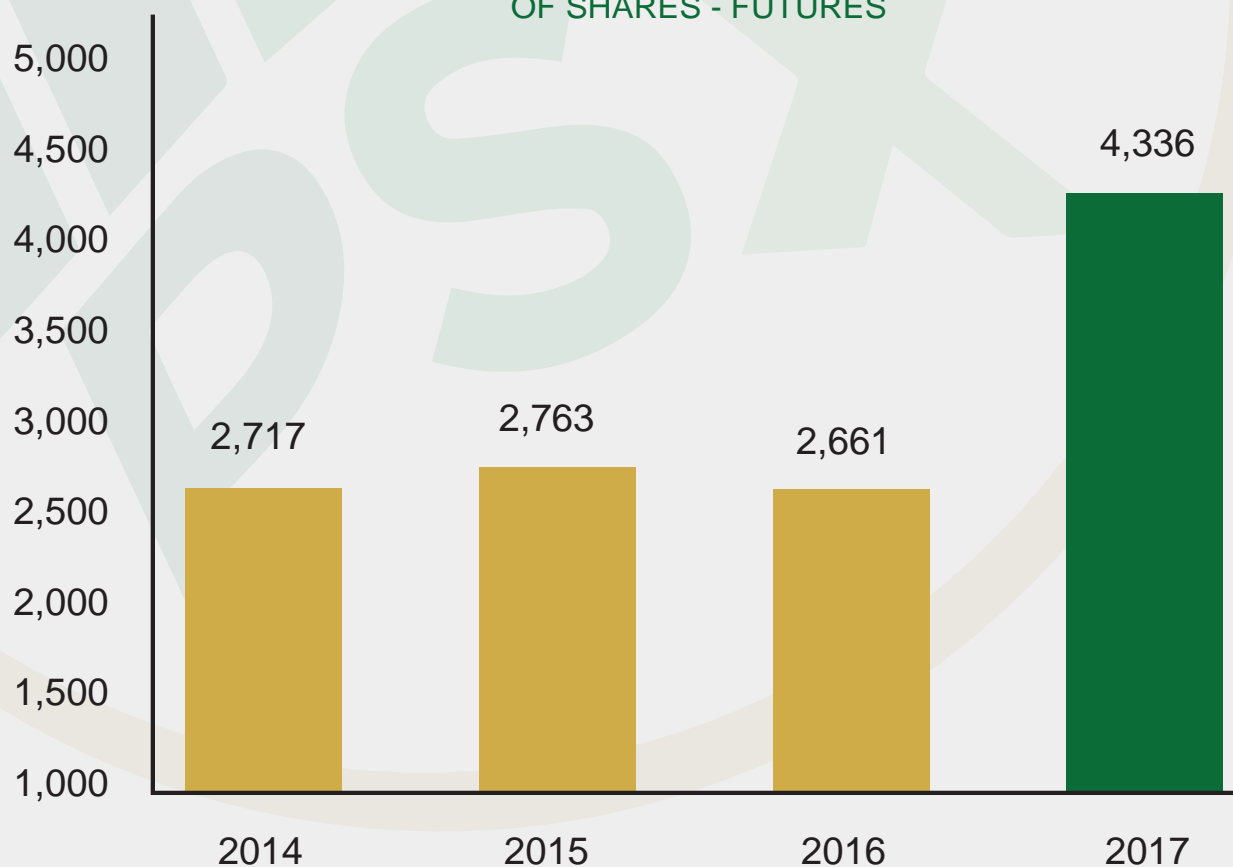
READY MARKET

(In million)

	2014	2015	2016	2017
July	287.021	120.926	454.586	196.855
August	211.335	141.662	312.395	265.620
September	224.850	157.747	187.336	573.887
October	123.227	184.554	180.219	456.631
November	151.017	261.217	174.769	497.857
December	226.609	255.510	161.679	373.163
January	325.629	309.530	151.470	451.668
February	246.637	287.383	144.682	363.966
March	228.626	173.265	160.238	257.936
April	306.653	289.590	242.686	246.056
May	175.902	177.539	286.505	354.598
June	209.160	404.548	204.307	297.683
Total	2,716.667	2,763.471	2,660.872	4,335.919

No. of Shares (In Million)

AVERAGE MONTHLY TURNOVER OF SHARES - FUTURES



AVERAGE MONTHLY TURNOVER OF SHARES

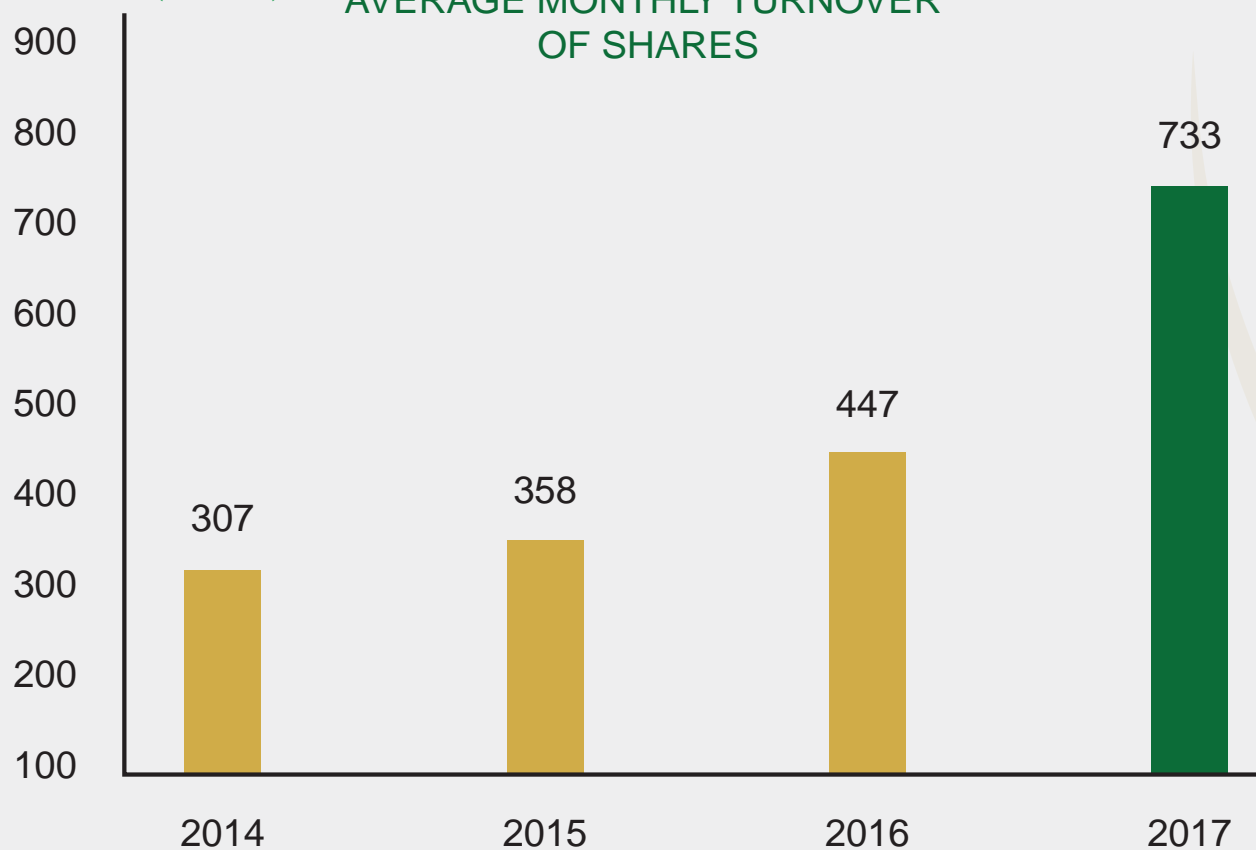
FUTURE COUNTER

(In million)

	2014	2015	2016	2017
July	28.328	15.362	38.909	50.936
August	26.418	19.178	42.255	44.179
September	26.974	23.121	38.275	58.325
October	19.556	18.962	34.492	74.526
November	24.251	26.462	28.294	76.049
December	28.964	32.210	30.571	59.005
January	26.880	37.250	27.583	73.869
February	26.171	38.801	27.800	73.628
March	29.521	30.801	31.384	59.604
April	30.780	44.465	47.825	56.099
May	16.959	31.368	54.002	56.397
June	22.610	39.768	45.449	50.345
Total	307.412	357.748	446.839	732.960

No. of Shares (In Million)

AVERAGE MONTHLY TURNOVER OF SHARES



TRADES ON KARACHI AUTOMATED TRADING SYSTEM (KATS)

	2016		2017	
Month	No. of Trades	Daily Average	No. of Trades	Daily Average
July	2,141,142	107,057	1,208,624	75,539
August	1,780,403	89,020	1,965,362	85,451
September	1,297,126	64,856	2,400,140	126,323
October	1,443,177	68,723	2,091,624	110,085
November	1,327,924	63,234	2,672,852	121,493
December	1,236,381	58,875	2,268,226	108,011
January	1,246,714	59,367	2,992,420	136,019
February	1,199,798	59,990	2,162,022	108,101
March	1,340,442	60,929	1,760,041	80,002
April	1,744,978	83,094	1,654,841	82,742
May	1,907,971	86,726	2,341,008	106,409
June	1,350,266	61,376	1,265,712	70,317
TOTAL	18,016,322		24,782,872	
Average of Daily Average		71,937		100,874

SECTOR-WISE CAPITAL LISTED ON THE EXCHANGE

Sector Name	2017	
	No. of Companies	Paid up Capital (Rs. in million)
Close-End Mutual Fund	8	7,277.492
Modarabas	29	12,517.349
Leasing Companies	9	3,689.359
Inv. Banks / Inv. Cos / Securities Cos	30	42,297.878
Commercial Banks	21	475,119.136
Insurance	31	25,352.655
Real Estate Investment Trust	1	22,237.000
Textile Spinning	84	22,026.779
Textile Weaving	15	6,593.494
Textile Composite	52	30,887.101
Woollen	2	116.658
Synthetic & Rayon	11	9,559.074
Jute	3	310.659
Sugar & Allied Industries	32	10,744.671
Cement	20	69,738.833
Tobacco	3	3,182.759
Refinery	4	14,581.183
Power Generation & Distribution	19	148,042.300
Oil & Gas Marketing Companies	8	22,360.984
Oil & Gas Exploration Companies	4	66,194.543
Engineering	16	25,300.451
Automobile Assembler	12	7,657.961
Automobile Parts & Accessories	10	3,295.888
Cable & Electrical Goods	8	8,857.649
Transport	4	46,051.800
Technology & Communication	10	74,227.017
Fertilizer	7	71,004.693
Pharmaceuticals	10	8,056.094
Chemical	27	38,308.061
Paper & Board	10	4,891.734
Vanaspati & Allied Industries	5	135.754
Leather & Tanneries	5	309.888
Food & Personal Care Products	19	16,418.165
Glass & Ceramics	9	10,148.895
Miscellaneous	22	9,726.309
TOTAL	560	1,317,220.266

SECTOR WISE PERFORMANCE OF COMPANIES LISTED ON THE EXCHANGE

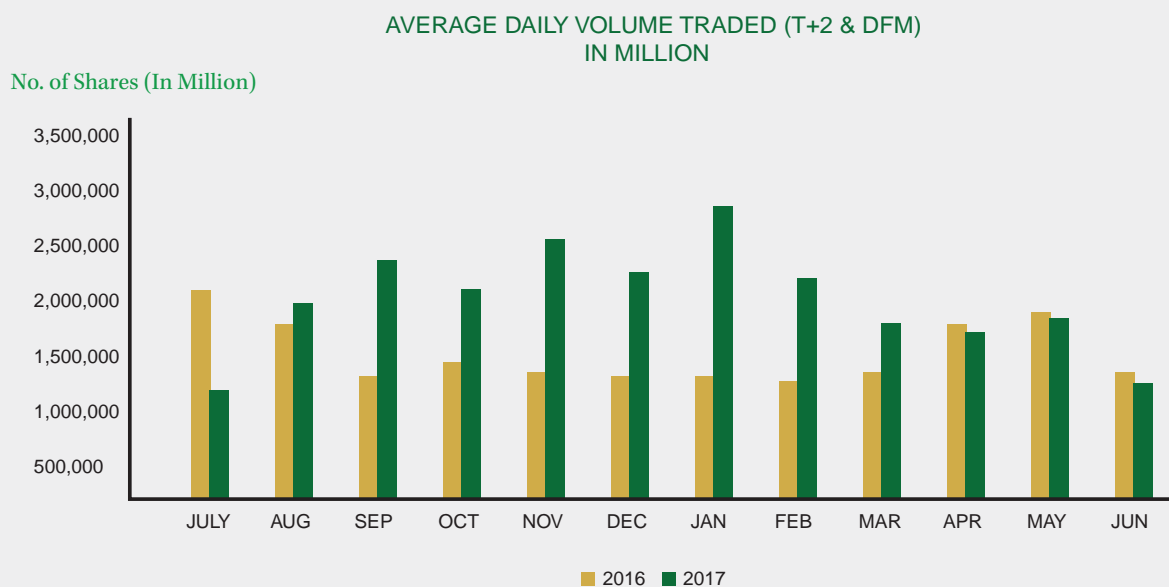
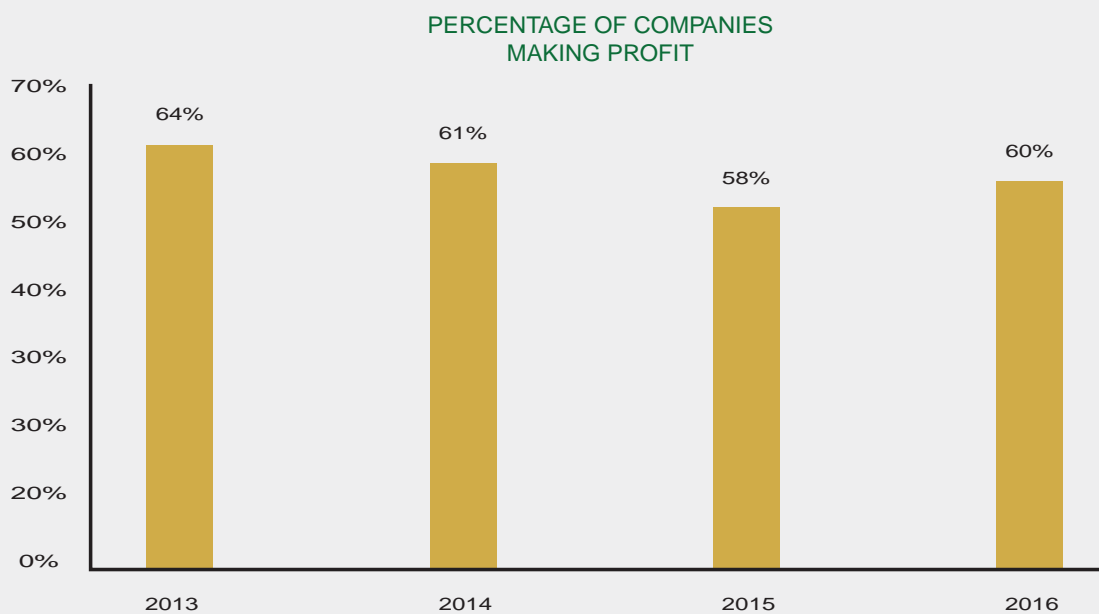
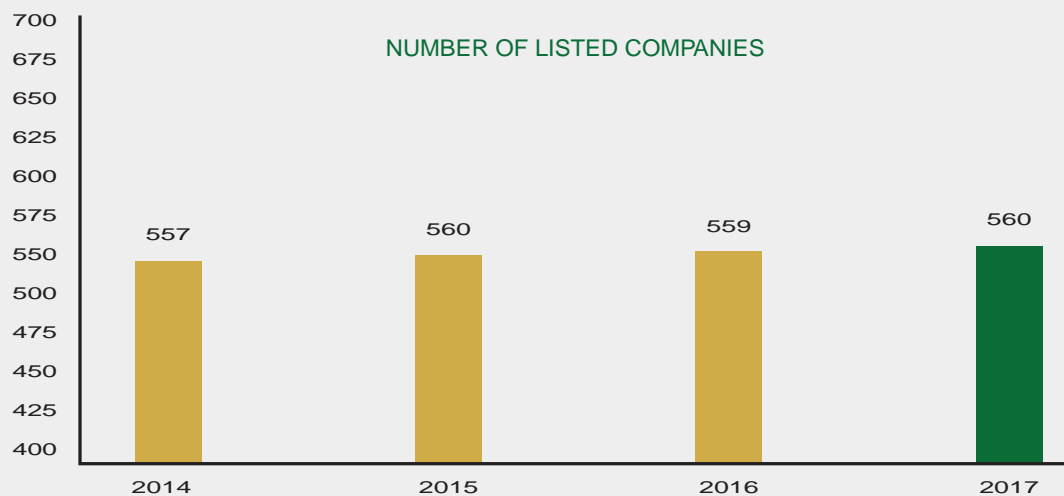
Name of Sector	Number of Companies	Companies that Announced Annual Results	Dividend Paying Companies	Profit Making Companies that Omitted Dividend	Profit Making Companies	Loss Making Companies
2016						
Close-End Mutual Fund	8	5	3	-	3	2
Modarabas	29	26	19	3	22	4
Leasing Companies	9	6	2	2	4	2
Inv. Banks / Inv.Cos / Securities Cos	29	25	4	12	16	9
Commercial Banks	21	21	13	7	20	1
Insurance	31	25	17	5	22	3
Real Estate Investment Trust	1	1	1	-	1	-
Textile Spinning	85	73	13	3	16	57
Textile Weaving	14	9	4	1	5	4
Textile Composite	52	46	19	7	26	20
Woollen	2	1	1	-	1	-
Synthetic & Rayon	11	10	1	2	3	7
Jute	3	3	-	-	-	3
Sugar & Allied Industries	32	28	16	5	21	7
Cement	21	19	12	5	17	2
Tobacco	3	3	2	1	3	-
Refinery	4	4	3	1	4	-
Power Generation & Distribution	19	18	11	2	13	5
Oil & Gas Marketing Companies	8	8	6	-	6	2
Oil & Gas Exploration Companies	4	4	4	-	4	-
Engineering	16	15	7	5	12	3
Automobile Assembler	12	12	10	-	10	2
Automobile Parts & Accessories	10	7	6	1	7	-
Cable & Electrical Goods	8	8	4	2	6	2
Transport	4	4	2	-	2	2
Technology & Communication	10	10	5	3	8	2
Fertilizer	7	7	7	-	7	-
Pharmaceuticals	9	9	8	-	8	1
Chemical	27	27	13	9	22	5
Paper & Board	9	8	4	3	7	1
Vanaspati & Allied Industries	5	3	2	-	2	1
Leather & Tanneries	5	5	3	-	3	2
Food & Personal Care Products	19	18	14	-	14	4
Glass & Ceramics	9	8	2	2	4	4
Miscellaneous	22	20	12	6	18	2
TOTAL	558	496	250	87	337	159
PERCENTAGE		88.89%	44.80%	15.59%	60.39%	28.49%
2015						
TOTAL	554	501	242	81	323	178
PERCENTAGE		90.43%	43.68%	14.62%	58.30%	32.13%

Notes:

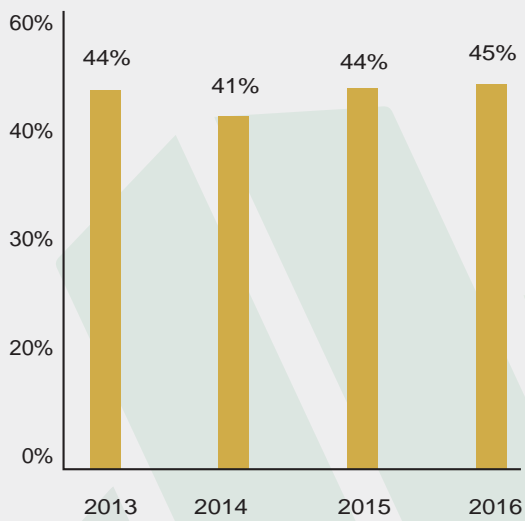
1 Based on the financial results of the companies up to December 31, 2016.

2 Companies omitted dividends are those companies, which have shown profit during the year but not declared dividend.

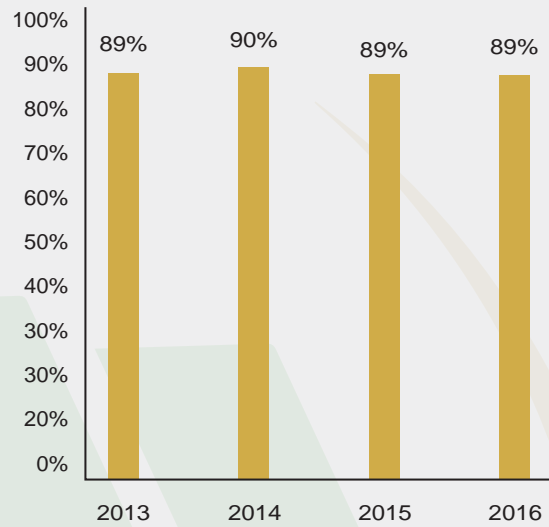
3 Dividend includes Cash / Stock Dividend.



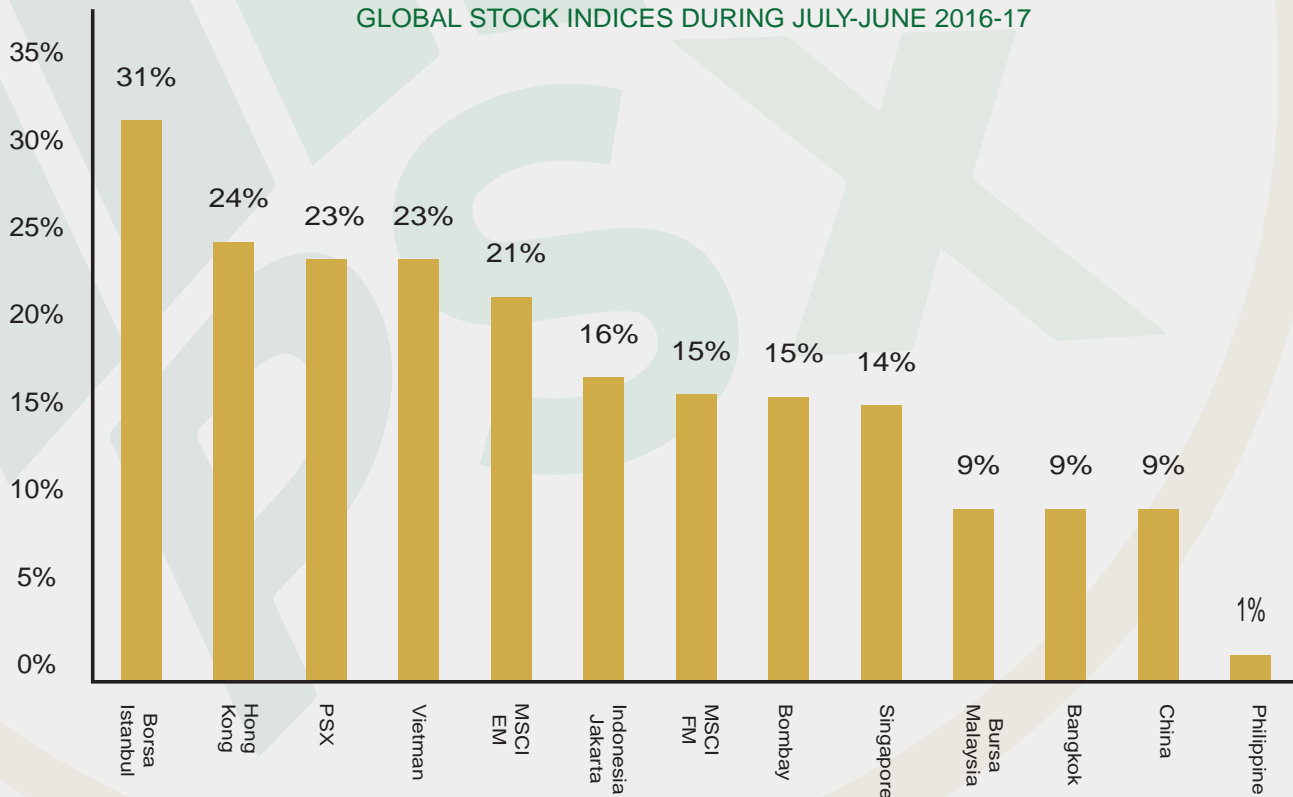
PERCENTAGE OF COMPANIES PAYING DIVIDENDS



PERCENTAGE OF COMPANIES THAT ANNOUNCED ANNUAL RESULTS



GLOBAL STOCK INDICES DURING JULY-JUNE 2016-17





As we accelerate on the highway of success, we at PSX believe that we are igniting a change that is deeply rooted in the principles of efficiency, transparency and, above all, determination to excel. The lifeline of PSX is fueled with innovation being at the core of all our offerings. From delivering exceptional products to providing unmatched services and processes, we constantly aim to protect and safeguard the interests of all our stakeholders.



**FREEDOM AND
CREATIVITY LEADS
TO CHANGE**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Pakistan Stock Exchange Limited** (the Company) as at **30 June 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 to the financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, its comprehensive income, its cash flows and its changes in equity for the year then ended; and
- (d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

We draw attention to the contents of note 25.1 and 25.2 to the accompanying financial statements in respect of Contingencies. The ultimate outcome of the matters referred therein cannot presently be determined with certainty and, hence, no provision for any liability that may arise from such matters has been made in the financial statements. Our opinion is not modified in respect of this matter.

Chartered Accountants

Audit Engagement Partner: Shaikh Ahmed Salman

Date: 28 August, 2017

Karachi



“FINANCIAL STATEMENTS”

BALANCE SHEET

As at June 30, 2017

	Note	June 30, 2017	June 30, 2016
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	4,124,777	3,312,306
Intangibles	8	140,335	109,801
Investment property	9	625,984	682,084
Investment in associates	10	1,985,337	1,656,173
Long term investments	11	77,318	1,677,785
Long term deposits	12	40,619	40,537
Long term loans	13	1,130	1,606
Deferred tax asset		-	10,881
		6,995,500	7,491,173
CURRENT ASSETS			
Trade debts	15	46,485	40,917
Loans and advances	16	16,562	17,945
Prepayments	17	27,944	30,076
Other receivables	18	158,719	120,402
Short term investments	19	1,790,202	187,517
Taxation – net		430,240	430,837
Cash and bank balances	20	2,495,547	383,724
		4,965,699	1,211,418
Non-current assets held for disposal	39	-	-
TOTAL ASSETS		11,961,199	8,702,591
EQUITY AND LIABILITIES			
Share capital	21	8,014,766	8,014,766
Reserves		127,522	(13,031)
		8,142,288	8,001,735
SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX	26	744,199	-
NON-CURRENT LIABILITIES			
Deferred tax liability	14	177,482	-
Dara F. Dastoor scholarship fund		2,000	2,000
Long term deposits	22	1,643,958	144,968
		1,823,440	146,968
CURRENT LIABILITIES			
Provision for wealth tax	23	1,684	1,684
Trade and other liabilities	24	1,249,588	552,204
		1,251,272	553,888
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		11,961,199	8,702,591

The annexed notes from 1 to 43 form an integral part of these financial statements.

s/d
Chairman

s/d
Managing Director

s/d
Chief Financial Officer

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2017

	Note	June 30, 2017	June 30, 2016
		----- (Rupees in '000) -----	
Revenue			
Listing fee	27	245,674	228,186
Income from exchange operations	28	452,926	320,681
Service charges	29	62,948	-
Management fee	30	113,600	179,087
Mark-up / interest income	31	127,443	418,947
Rental income from investment property		61,263	56,509
		1,063,854	1,203,410
Operating cost			
Administrative expenses	32	(1,122,079)	(1,039,874)
Financial and other charges	33	(444)	(144,103)
		(1,122,523)	(1,183,977)
Operating Profit		(58,669)	19,433
Other income	34	21,420	(8,333)
Provision for impairment against transfer of sub-lease of properties	39.1	(35,431)	-
Share of profit from associates	10.1	391,552	246,166
Net profit before taxation		318,872	257,266
Taxation	35	(41,578)	(124,994)
Net profit after taxation		277,294	132,272
Basic and diluted earnings per share	36	0.35	0.17

The annexed notes from 1 to 43 form an integral part of these financial statements.

s/d
Chairman

s/d
Managing Director

s/d
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2017

	Note	June 30, 2017	June 30, 2016
		----- (Rupees in '000) -----	
Net profit for the year		277,294	132,272
Other comprehensive loss			
Items not to be reclassified to profit and loss in subsequent periods:			
Actuarial loss on employees' gratuity fund			
- Company		(10,405)	(12,343)
- Associates		(10,135)	(5,044)
		(20,540)	(17,387)
Tax effect on actuarial loss on employees' gratuity fund			
- Company		3,225	3,950
- Associates		3,142	1,614
		6,367	5,564
		(14,173)	(11,823)
Items to be reclassified to profit and loss in subsequent periods:			
Share of other comprehensive loss from associates' in respect of revaluation on available-for-sale investments	10.1	(2,346)	(11,459)
Total comprehensive income for the year		260,775	108,990

The annexed notes from 1 to 43 form an integral part of these financial statements.

s/d
Chairman

s/d
Managing Director

s/d
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

	June 30, 2017	June 30, 2016
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	318,872	257,266
Non-cash adjustments to reconcile income before tax to net cash flows		
Depreciation on tangible assets	174,402	193,848
Amortisation on intangible assets	47,846	33,000
Provision for gratuity	20,948	18,428
Mark-up / interest income	(124,609)	(408,507)
Provision for trade debts consider doubtful	9,084	1,733
Provision for impairment against transfer of sub-lease of properties	35,431	-
Discount on Pakistan Investment Bonds	(2,834)	(10,440)
Reversal of provision against receivables on recovery	(1,088)	(2,281)
Loss on disposal of fixed assets - net	21,433	19
Share of profit of associates	(391,552)	(246,166)
Fair value loss on investment property	-	12,465
	(210,939)	(407,901)
	107,933	(150,635)
Working capital adjustments:		
(Increase) / decrease in current assets		
Trade debts	(6,557)	(9,416)
Loans and advances	1,383	(8,564)
Prepayments	2,132	(16,452)
Other receivables	(48,796)	(2,339)
	(51,838)	(36,771)
Increase / (decrease) in current liabilities		
Deposits from members against exposures and losses	-	(5,330,422)
Trade and other liabilities	685,526	(28,098)
	741,621	(5,545,926)
Income tax paid	(82,137)	(60,478)
Gratuity paid	(19,491)	(21,373)
Increase / (decrease) in deferred liability	-	(1,322)
Increase in long term deposit	1,498,990	94,821
Mark-up / interest received	193,886	448,525
	1,591,248	460,173
Net cash generated / (used in) from operating activities	2,332,869	(5,085,753)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(83,537)	(144,696)
Capital work-in-progress	(104,451)	(30,041)
Proceeds from sale of fixed assets	98,913	602
Dividend received	53,049	179,012
Purchase of right issue	-	(263,672)
Investments sold	3,771,974	825,502
Investments purchased	(3,837,166)	(461,889)
Increase in long term deposits	(82)	(2,475)
Increase / (decrease) in long term loans	476	(578)
Net cash (used in) / generated from investing activities	(100,824)	101,765
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(120,222)	(256,473)
Net cash used in financing activities	(120,222)	(256,473)
Net increase / (decrease) in cash and cash equivalents	2,111,823	(5,240,461)
Net decrease in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	383,724	5,624,185
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,495,547	383,724

The annexed notes from 1 to 43 form an integral part of these financial statements.

s/d
Chairman

s/d
Managing Director

s/d
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

	Share Capital	Reserves		Total
		Un-appropriated profit	Share of Associates' Reserves	
	(Rupees in '000)			
Balance as at July 01, 2015	8,014,766	140,781	(6,329)	8,149,218
Profit for the year	-	132,272	-	132,272
Other comprehensive loss	-	(8,393)	(14,889)	(23,282)
Total comprehensive income	-	123,879	(14,889)	108,990
Dividend for the year ended June 30, 2015 @ Re. 0.22 per share	-	(176,325)	-	(176,325)
Dividend for the period ended December 31, 2015 @ Re. 0.10 per share	-	(80,148)	-	(80,148)
Balance as at June 30, 2016	8,014,766	8,187	(21,218)	8,001,735
Balance as at July 01, 2016	8,014,766	8,187	(21,218)	8,001,735
Profit for the year	-	277,294	-	277,294
Other comprehensive loss	-	(7,180)	(9,339)	(16,519)
Total comprehensive income	-	270,114	(9,339)	260,775
Dividend for the year ended June 30, 2016 @ Re. 0.05 per share	-	(40,074)	-	(40,074)
Dividend for the period ended December 31, 2016 @ Re. 0.10 per share	-	(80,148)	-	(80,148)
Balance as at June 30, 2017	8,014,766	158,079	(30,557)	8,142,288

The annexed notes from 1 to 43 form an integral part of these financial statements.

s/d
Chairman

s/d
Managing Director

s/d
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

1. LEGAL STATUS AND NATURE OF OPERATIONS

- 1.1** Pakistan Stock Exchange Limited [the Company or PSX] was incorporated under the Companies Act, 1913 (now Companies Ordinance, 1984) on March 10, 1949 as a Company Limited by Guarantee. However, on August 27, 2012 the Company was re-registered as public company limited by shares under the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act 2012 (XV of 2012).

The Company is engaged in conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, scripts, participation term certificates, modaraba certificates, stocks, bonds, debentures stock, government papers, loans, and any other instruments and securities of like nature including, but not limited to, special national fund bonds, bearer national fund bonds, foreign exchange bearer certificates and documents of similar nature, issued by the Government of Pakistan or any other agency authorised by the Government of Pakistan.

The registered office of the Company is situated at Stock Exchange Building, Stock Exchange Road, Karachi.

- 1.2** During the year, the Divestment process of 40% shares of PSX as required under the Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012 read with the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations 2012, has been completed and the shares sold to the successful bidder i.e. the Consortium which includes China Financial Futures Exchange (CFFEX), Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE), Pak China Investment Company Limited (PCICL) and Habib Bank Limited (HBL).

The Share Purchase Agreement (SPA) between PSX, the Divestment Committee of PSX and the Consortium has been executed and signed on the December 27, 2016. The transaction has been completed and the 40% shares have been transferred to the consortium.

In respect of the divestment process, the PSX along with the Consortium and the Divestment Committee, signed an 'Escrow Agreement' for operating a bank account for the purposes of transfer of divestment proceeds from the Consortium to the shareholders.

In accordance with the terms of the Share Purchase Agreement, a total amount of Rs. 8.976 billion has been received as the sale price for the 40% shares of PSX paid by the Consortium to the Divestment Committee for further payment to the existing shareholders as a sale consideration against the purchase of 40% shares of the PSX. Out of these total proceeds received from the Consortium, 10% is retained in the 'Escrow Account' for a period of one year and will only be paid to shareholders if the same is not utilized by the Consortium for any liability arising within the retention period of one year from the closing period of the transaction.

The PSX is jointly maintaining the Escrow Account under the fiduciary capacity which has a balance of Rs. 907.838 million as at the year-end.

- 1.3** During the year, pursuant to the provisions of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012, and the amendments introduced in the Regulations framed thereunder, PSX had contemplated the process of sale of its shares representing not less than 20% of the paid-up capital, lying in blocked accounts of initial shareholders, by way of an Offer for Sale and completed the entire process of self-listing of its shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.
- 2.2** During the year, the Companies Act, 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 read with its press release of the same date, communicated that the Commission has decided that the companies whose financial year / interim period closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Company is currently in process of evaluating the financial and other impacts due to the applicability of the Companies Act, 2017 and will incorporate all such impacts in the next financial reporting period.

3. BASIS OF MEASUREMENT

- 3.1** These financial statements have been prepared under the historical cost convention except for operating fixed assets, investment property and certain investments which are valued on a fair value basis as stated in notes 4.2, 4.5 and 4.6 below.
- 3.2** These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1** The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments and improvements to accounting standards and interpretations did

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

not have any effect on the financial statements

4.2 Operating fixed assets - tangible

- 4.2.1** All categories of operating fixed assets are carried at revalued amount, being its fair value at the date of its revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any, except for leasehold land which is carried at cost less accumulated impairment losses, if any (see note 7.1.3 for details).
- 4.2.2** The surplus arising on revaluation of operating fixed assets is credited to the 'surplus on revaluation of assets' account shown below reserves. A revaluation deficit is recognised in the profit and loss account, except that the deficit offsets a previous surplus on any fixed asset, in which case, the deficit is charged to the balance of surplus on revaluation.
- 4.2.3** The depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and an amount equal to incremental depreciation for the year (net of deferred taxation) is transferred from surplus on revaluation of assets to retained earnings through statement of changes in funds and reserves to record realisation of surplus to the extent of the incremental depreciation charge for the year. Upon disposal, any balance of revaluation surplus is transferred to retained earnings.
- 4.2.4** The depreciation is charged to profit and loss account applying the diminishing balance method over its estimated useful life of the respective assets, except for "Computers and related accessories" which are depreciated using straight-line method. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. In respect of additions and disposals of assets, depreciation is charged from the month in which asset is available to use and continue depreciating it until it is derecognised i.e. up to the month preceding the disposal, even if during that period the asset is idle. Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.
- 4.2.5** Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in income currently.
- 4.2.6** An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

4.3 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation.

4.4 Intangible assets

These are stated at cost less accumulated amortisation. Amortisation is charged to income using the straight-line method at the rate disclosed in note 8 to the financial statements.

Amortisation on additions is charged for the full month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

Gains or losses on disposal of intangible assets, if any, are included in income currently.

4.5 Investment property

According to the new accounting policy, investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss on remeasurement of investment property at fair value is recognised in profit and loss account. Fair value is evaluated annually by an independent professional valuer on the basis of professional assessment of present market value.

Investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised as income in the period of derecognition.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains or losses on disposal of investment property, if any, are included in income currently.

4.6 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss account, held to maturity and available for sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of investments at fair value through profit or loss account where transaction costs are charged to profit and loss account when incurred.

4.6.1 Available for sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains or losses being taken to comprehensive income until the investment is disposed or impaired, at which time the respective surplus or deficit is transferred to profit and loss account.

Unquoted investments where active market does not exist and whose fair value cannot be reliably measured are stated at cost, less impairment, if any.

4.6.2 Investments at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss. These securities are either acquired for generating a profit from short-term fluctuation in prices or are securities included in a portfolio in which a pattern of short-term profit taking exists, and related transaction costs are expensed out. These investments are measured at subsequent reporting dates at fair value and resulting gains and losses are included in the profit and loss account for the year.

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2017

4.6.3 Held to maturity investments

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to income currently.

4.6.4 Investment in associates

Investments in associates are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of the net assets of the associate. The profit and loss account reflects the Company's share of the results of the operations of the associate. Where there has been a change recognised in the other comprehensive income or surplus on revaluation of assets of the associate, the Company recognises its share in its comprehensive income or surplus on revaluation of assets, as the case may be.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the profit and loss account.

4.7 Trade debts and other receivables

These are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

4.8 Loans, advances and deposits

These are stated at cost, less allowance for any impairment.

4.9 Cash and cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and at bank and short term investments that are highly liquid in nature and are readily convertible into known amounts of cash, which are subject to insignificant risks of changes in value.

4.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.11 Revenue recognition

- Income from initial listing fee is recognised when the securities are initially listed on the ready board. Income from annual listing fee is recognised on an accrual basis;
- Income in respect of trading by members in shares, contracts and bonds is recognised at the trade date;
- Rental income, facilities and equipment fees, non-operating facilities income and membership fees are recognised on accrual basis while other fees are recognised when received;
- Investments purchased at premium or discount, are amortized through the profit and loss account using the effective interest rate method;
- Income from investments and bank accounts is recognised on an accrual basis;
- Dividend income is recognised when the Company's right to receive dividend is established;
- Management fee from PSX Investors Protection Fund is recognised on accrual basis as disclosed in note 30 to the financial statements; and
- Service charges from NCCPL is recognised on accrual basis as disclosed in note 29 to the financial statements.

4.12 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account all tax credits and tax rebates available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001, and whichever is higher is provided for in the financial statements.

Deferred

Deferred tax is recognised, using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except for taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit or taxable temporary differences will be available against which the deductible temporary differences and / or carry-forward of unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.13 Staff retirement benefits

The Company operates an approved gratuity fund (defined benefit plan) for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The Company's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur and are not reclassified to profit or loss in subsequent periods.

4.14 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

4.15 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.16 Financial Instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently.

All regular way purchases of financial assets are recognised on a transaction date i.e. the date the Company receives the financial asset. All regular way sales of financial assets are recognized on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales of financial assets that require delivery of assets within the time generally established by regulation or convention the market place.

4.17 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.18 Non-current assets held for disposal

Non-current assets held for disposal are classified as held for disposal if their carrying amounts will be recovered principally through a sale / disposal rather than through continuing use. Such non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. Property and equipment and intangible assets once classified as held for sale / disposal are not depreciated or amortised.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

	Notes
- Operating fixed assets	4.2, 4.3, 4.4, 7 and 8
- Investment property	4.5 and 9
- Classification of investments	4.6, 10, 11 and 19
- Provisions and contingencies	4.10, 23 and 25
- Taxation and Deferred tax	4.12 and 14
- Staff retirement benefits	4.13

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following revised standards, interpretations and amendments with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, interpretation or amendment:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

6.1	Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
	IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
	IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
	IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)	January 01, 2017
	IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
	IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
	IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
	IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
	IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

6.2 Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRS 16 - Leases	January 01, 2019
IFRS 17 - Insurance Contracts	January 01, 2021

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
7. PROPERTY AND EQUIPMENT			
Operating fixed assets - tangible	7.1	4,092,544	3,175,605
Capital work-in-progress	7.2	32,233	136,701
		4,124,777	3,312,306

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

7.1 OPERATING FIXED ASSETS – Tangible

	June 30, 2017											
	Cost/Revalued Amount							Accumulated depreciation				Written Down Value
	As at July 01, 2016	Additions / (disposals) / (transfers)	Transfer from investment property - net	Adjustment of Accumulated Depreciation	Revaluation Surplus	As at June 30, 2017	Rate / period	As at July 01, 2016	Charge for the year/ (deletions)	Adjustment of Accumulated Depreciation	As at June 30, 2017	As at June 30, 2017
	(Rupees in '000)							(Rupees in '000)				
Leasehold land	2,677,882	-	56,100	(413,496)	226,156	2,546,642	99 years	354,424	59,072	(413,496)	-	2,546,642
Building on leasehold land (see note 7.1.1, 7.1.2 & 39)	838,739	119,070 (175,576)	-	(183,143)	712,300	1,311,390	5%	167,300	36,589 (20,746)	(183,143)	-	1,311,390
Lift, generators and electric installation	96,629	31,016	-	(73,384)	32,819	87,080	25%	58,105	15,279	(73,384)	-	87,080
Furniture and fixtures	8,984	3,613 (99)	-	(6,116)	-	6,382	20%	4,840	1,340 (64)	(6,116)	-	6,382
Office equipment	54,929	13,161 (166)	-	(30,737)	2,221	39,408	20%	22,467	8,365 (95)	(30,737)	-	39,408
Computers and related accessories	307,395	44,855 (6,116)	-	(255,434)	2	90,702	20% & 33.33%	209,422	52,029 (6,017)	(255,434)	-	90,702
Vehicles	12,987	2,360 (1,731)	-	(6,121)	3,445	10,940	20%	5,382	1,728 (989)	(6,121)	-	10,940
	3,997,545	214,075 (183,688)	56,100	(968,431)	976,943	4,092,544		821,940	174,402 (27,911)	(968,431)	-	4,092,544

*During the year, the Company has transferred certain properties from investment property to operating fixed assets at fair value.

	June 30, 2016											
	Cost/Revalued Amount						Accumulated depreciation				Written Down Value	
	As at July 01, 2015	Additions / (disposals)	Transfer from investment property - net	Adjustment of Accumulated Depreciation	Revaluation Surplus	As at June 30, 2016	Rate / period	As at July 01, 2015	Charge for the year/ (deletions)	Adjustment of Accumulated Depreciation	As at June 30, 2016	As at June 30, 2016
	(Rupees in '000)							(Rupees in '000)				
Leasehold land	2,677,882	-	-	-	-	2,677,882	99 years	275,663	78,761	-	354,424	2,323,458
Building on leasehold land	837,128	1,611	-	-	-	838,739	5%	132,003	35,297	-	167,300	671,439
Lift, generators and electric installation	96,629	-	-	-	-	96,629	25%	45,263	12,842	-	58,105	38,524
Furniture and fixtures	8,001	983	-	-	-	8,984	20%	3,951	889	-	4,840	4,144
Office equipment	37,400	17,529	-	-	-	54,929	20%	16,572	5,895	-	22,467	32,462
Computers and related accessories	261,569	45,826	-	-	-	307,395	20% & 33.33%	151,009	58,413	-	209,422	97,973
Vehicles	11,710	2,110 (833)	-	-	-	12,987	20%	3,843	1,751 (212)	-	5,382	7,605
	3,930,319	68,059 (833)	-	-	-	3,997,545		628,304	193,848 (212)	-	821,940	3,175,605

7.1.1 In April 2012 a concept paper was presented to the Board of PSX by the management highlighting that an old building structure on 1,950 square yards within the PSX campus was in highly dilapidated condition. It had offices of TREC Holders, banks and other occupants on the basis of "Leave and License Agreement".

The concept paper proposed that this old building structure be demolished and in lieu of that, the occupants be provided leases in modern premises in a new building to be constructed besides the PSX's administration block on an area of approximately 400 square yards. Such an arrangement has benefitted the PSX by freeing up this 1,550 square yards approximately which was then classified as unencumbered and added to the overall value of the Leasehold land of the PSX of approx Rs.625 million as per the current valuation

During the year, the Board of Directors of the Company in their meeting held on December 07, 2016 ratified its earlier decision whereby, the plan of construction of new building and granting of sub-lease rights therein to occupants of the old building in terms of the allocation plan was approved. As per the approved plan, the sub-lease / transfer of ownership is on the continuation of principal of "leave and license" arrangement with the occupants of the old building and hence, the Company will not receive any additional consideration for sub-lease rights provided to the occupants. Accordingly, the sub-lease transfer process of 77 office spaces having aggregate written down value of Rs. 115.406 million (out of the total of 116 office spaces) has been completed during the year, against Nil consideration, resulting in loss on transfer of these office spaces of Rs. 115.406 million.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

7.1.2 Further, during the year, the Company also disposed off certain office spaces in the new building, having an aggregate book value of Rs. 3.993 million, to third parties against consideration of Rs 98.28 million, resulting in gain on sale of these office spaces of Rs. 94.287 million.

7.1.3 In accordance with the Company's accounting policy, property and equipment were revalued, by an independent valuer, Iqbal A. Nanjee & Co. (Private) Limited on the basis of professional assessment of market values, which resulted in a surplus of Rs. 976.943 million and Rs. 3,390 million (see note 21.1) on June 30, 2017 and June 30, 2012 respectively, over the book value of the respective assets at the time of revaluation.

Pursuant to the revaluation exercise carried out during the year, the management of the Company has re-assessed the residual value of the leasehold land and ascertained that the residual value of such land is higher than its cost and accordingly discontinued depreciating the leasehold land with effect from 01 April 2017. This change in accounting estimate of charging depreciation has been accounted for in accordance with the requirements of IAS 8- "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change, the depreciation would have been higher by Rs.19.689 million and profit for the year would have been lower by Rs.19.689 million .

7.1.4 Had there been no revaluation, the net book value of the opening fixed assets would have been as follows:

Note	June 30, 2017	June 30, 2016
	(Rupees in '000)	
Leasehold land	2,320,486	27
Building on leasehold land	599,090	59,940
Lift, generators and electric installation	54,261	38,445
Furniture and fixtures	6,382	4,029
Office equipment	37,187	31,060
Computers and related accessories	90,700	85,328
Vehicles	7,495	7,822
	3,115,601	226,651

7.1.5 Cost of fully depreciated assets is Rs. 581.302 (June 30, 2016: Rs. 362.467) million for the year ended June 30, 2017.

7.2 Capital work-in-progress

Advances against:

- Computer hardware	11,642	13,344
- Lift generator and electric installation	2,097	-
- Construction of building / civil works	-	121,634
- Office equipment	6,230	768
- Civil works	11,575	904
- Vehicle	689	-
- Furniture and fixtures	-	51
	32,233	136,701

8. INTANGIBLES

Operating intangibles	8.1	115,129	84,668
Intangibles under development	8.2	25,206	25,133
		140,335	109,801

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

8.1 Operating Intangibles

June 30, 2017								
	COST			Rate	ACCUMULATED AMORTISATION			Written Down Value
	As at July 01, 2016	Additions	As at June 30, 2017		As at July 01, 2016	Charge for the year	As at June 30, 2017	As at June 30, 2017
	(Rupees in '000)			%	(Rupees in '000)			
Computer software	281,978	48,533	330,511	25	230,622	26,459	257,081	73,430
Internally developed software and market products	211,565	29,774	241,339	25	178,253	21,387	199,640	41,699
	493,543	78,307	571,850		408,875	47,846	456,721	115,129

June 30, 2016								
	COST			Rate	ACCUMULATED AMORTISATION			Written Down Value
	As at July 01, 2015	Additions	As at June 30, 2016		As at July 01, 2015	Charge for the year	As at June 30, 2016	As at June 30, 2016
	(Rupees in '000)			%	(Rupees in '000)			
Computer software	222,218	59,760	281,978	25	219,147	11,475	230,622	51,356
Internally developed software and market products	194,687	16,878	211,565	25	156,728	21,525	178,253	33,312
	416,905	76,638	493,543		375,875	33,000	408,875	84,668

Note	June 30, 2017	June 30, 2016
	(Rupees in '000)	

8.2 Intangibles under development

Internally developed software		12,862	17,870
Internally developed market products		6,163	6,163
Computer software		16,331	11,250
		35,356	35,283
Less: Provision for impairment	8.2.1	(10,150)	(10,150)
		25,206	25,133

8.2.1 This represents provision for impairment against a software which failed to operate and consequently, the Company terminated the agreement and raised demand for the refund from the supplier, which is currently pending settlement.

9. INVESTMENT PROPERTY

Balance as at 1 July		682,084	694,549
Transfer from investment property to operating fixed assets	7.1	(56,100)	-
Loss from changes in fair value	9.1	-	(12,465)
Balance		625,984	682,084

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 9.1** Represents office spaces in PSX's building, the latest fair value of this property was carried out by Iqbal A. Nanjee & Company (Private) Limited, independent valuers as at June 30, 2017. The valuation was carried out in accordance with the commercial rates for sale of office spaces prevailing in the market. This resulted in no change in the fair value of investment property as at the year end as compared to the previous fair value of investment property as at June 30, 2016.
- 9.2** The rental income during the year from the investment property amounted to Rs. 61.263 (June 30, 2016: Rs. 42.889) million.

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
10. INVESTMENT IN ASSOCIATES - under equity method of accounting			
Unquoted companies			
Central Depository Company of Pakistan Limited [(CDC) (39,808,000 shares having face value Rs. 398,080,000)]		1,345,120	1,118,184
National Clearing Company of Pakistan Limited [(NCCPL) (23,730,462 shares having face value Rs. 237,304,620)]		640,217	537,989
	10.1	1,985,337	1,656,173

10.1 Reconciliation of changes in carrying value of investment in associate

	June 30, 2017		
	CDC	NCCPL	Total
	(Rupees in '000)		
Opening balance	1,118,184	537,989	1,656,173
Share of profit for the year	241,197	150,355	391,552
Deficit on revaluation of associates' available-for-sale investments	(1,961)	(385)	(2,346)
Actuarial loss on employees' gratuity fund	(4,339)	(2,654)	(6,993)
Dividend received during the year	(7,961)	(45,088)	(53,049)
Closing balance	1,345,120	640,217	1,985,337
	June 30, 2016		
	CDC	NCCPL	Total
	(Rupees in '000)		
Opening balance	1,029,809	574,099	1,603,908
Share of profit for the year	181,250	64,916	246,166
Deficit on revaluation of associates' available-for-sale investments	(8,006)	(3,453)	(11,459)
Actuarial loss on employees' gratuity fund	(781)	(2,649)	(3,430)
Dividend received during the year	(84,088)	(94,924)	(179,012)
Closing balance	1,118,184	537,989	1,656,173

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

10.2 Summarised financial information of the associates of the Company are as follows:

2017						
	Country of incorporation	Total assets	Total liabilities	Profit	Revenue	Interest held %
	(Rupees in '000)					
Name of associate						
Central Depository Company of Pakistan Limited Break-up value of each ordinary share of Rs.10 is Rs.36.47 based on the latest audited financial statements available for the period ended June 30, 2017.	Pakistan	4,445,056	798,100	605,871	1,870,464	39.81
National Clearing Company of Pakistan Limited Break-up value of each ordinary share of Rs.10 is Rs 26.97 based on the latest audited financial statements available for the period ended June 30, 2017.	Pakistan	23,034,007	21,673,569	319,496	1,036,662	47.06
		27,479,063	22,471,669	925,367	2,907,126	
2016						
	Country of incorporation	Total assets	Total liabilities	Profit	Revenue	Interest held %
	(Rupees in '000)					
Name of associate						
Central Depository Company of Pakistan Limited Break-up value of each ordinary share of Rs.10 is Rs.43.26 based on the latest audited accounts available for the period ended June 30, 2016.	Pakistan	3,420,572	608,473	455,288	1,512,493	39.81
National Clearing Company of Pakistan Limited Break-up value of each ordinary share of Rs.10 is Rs. 22.67 based on the latest audited accounts available for the period ended June 30, 2016.	Pakistan	9,628,042	8,484,831	137,943	624,456	47.06
		13,048,614	9,093,304	593,231	2,136,949	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	June 30, 2017	June 30, 2016
		———— (Rupees in '000) ————	
11. LONG TERM INVESTMENTS			
Available for sale - unquoted			
JCR VIS Credit Rating Company Limited, a related party		2,500	2,500
250,000 (June 30 2016: 250,000) ordinary shares of Rs.10 each, representing, 12.50% (June 30 2016: 12.50%) shareholding. The break-up value of each ordinary share is Rs.41.50 (based on latest available unaudited financial statements for the period ended March 31, 2017).			
Pakistan Mercantile Exchange Limited (PMEX), a related party	11.1	74,818	74,818
8,909,052 (June 30 2016: 8,909,052) ordinary shares of Rs.10 each, representing 28.4% (June 30,2016: 28.4%) shareholding. The break-up value of each ordinary share is negative Rs.2.53 (based on latest available unaudited financial statements for the period ended June 30, 2017).(June 30,2016:Negative Rs.2.07).			
Held to maturity			
Pakistan Investment Bonds (PIBs)		-	1,600,467
		77,318	1,677,785
11.1	In the year 2014, the Company made additional investment of Rs. 52.727 million in Pakistan Mercantile Exchange Limited (PMEX) resulting in increase in the percentage holding from 19.14% to 32.32% as at the year ended June 30, 2015, which subsequently reduced to 28.4% as at June 30, 2016.		
	For the unsubscribed shares, financial advisor has been appointed for placement of shares to suitable investors at best price which is in process. The Company expects that on completion of subscription process of right issue of PMEX, the holding of PSX will be reduce to 18.88%.		
	Based on the above facts and considering the proportion of representation of the Company on the Board of PMEX, the investment is not accounted for as an associate investment.		
	Note	June 30, 2017	June 30, 2016
		———— (Rupees in '000) ————	
12. LONG TERM DEPOSITS			
Earnest money	12.1	33,819	33,819
Utilities		2,790	2,791
Others		4,010	3,927
		40,619	40,537
12.1	This includes 10% of the bid amount, amounting to Rs.32.999 (June 30, 2016: Rs.32.999) million, paid by the Company to Pakistan Railways during the year ended June 30, 1993 as earnest money against the purchase of land. However, as a result of initiation of certain legal proceedings by one of the bidders, further action for purchase of land could not take place. Subsequently, Pakistan Railways cancelled the sale of railway land to the Company and requested the Company to apply for the refund of the above-referred amount. The Court has dismissed the suit on merit, which was filed by above-referred bidder.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

During the year ended June 30, 2002, based upon the legal advice obtained, the Company filed a counter suit against Pakistan Railways for specific performance of the agreement which, if decided in favour of the Company, may require the Company to purchase the land and pay the balance of the purchase consideration, amounting to Rs.296.995 (June 30, 2016: Rs.296.995) million. The said case is pending adjudication in High Court of Sindh.

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
13. LONG TERM LOANS			
Employees - Considered good, secured	13.1	4,205	6,229
Recoverable within one year shown under current assets		(3,075)	(4,623)
		1,130	1,606
13.1	These personal loans are sanctioned for the purchase of motorcycles, performing Hajj and other domestic purposes. These are secured against the outstanding balances in the Employees' Gratuity Fund. These are recoverable in monthly instalments over a period, with original maturity between 2 and 5 (June 30, 2016: 2 and 5) years and are interest free. All outstanding long term loans at the year end will mature within one to three years.		
	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
14. DEFERRED TAX (LIABILITY) / ASSET - NET			
Deductible temporary differences arising from:			
Provision for debts considered doubtful		12,063	9,893
Carry forward tax losses		262,986	278,521
Provision for defined benefit liability		20,211	16,986
Minimum tax		24,089	24,089
Others		12,495	-
		331,844	329,489
Taxable temporary differences arising from:			
Differences between written down value and tax base of assets		(276,582)	(309,050)
Revaluation of property and equipment	26	(232,744)	-
Others		-	(9,558)
		(509,326)	(318,608)
		(177,482)	10,881
15. TRADE DEBTS			
Unsecured			
Considered good			
Due from members	15.1	19,761	9,019
Due from companies	15.2	26,724	31,898
		46,485	40,917
Considered doubtful			
Due from companies		35,573	27,577
		82,058	68,494
Provision for doubtful debts	15.3	(35,573)	(27,577)
		46,485	40,917

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

15.1 Included herein is a sum of Rs. 1.28 (June 30, 2016: Rs. 0.51) million due from related parties.

15.2 Included herein is a sum of Rs. 0.15 (June 30, 2016: Rs. 1.22) million due from related parties.

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
15.3 Reconciliation of provision for trade debts			
Opening balance		27,577	28,124
Provision for the year	32	10,465	1,733
Amount recovered / reversed		(2,469)	(2,280)
Closing balance		35,573	27,577

16. LOANS AND ADVANCES

Loans - secured, considered good

- Current portion of long term loans to employees	13	3,075	4,623
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Advances, considered good

- Employees		9,772	8,647
- Suppliers		3,715	4,675
		13,487	13,322
		16,562	17,945

17. PREPAYMENTS

Maintenance of information technology equipment / software		15,772	19,108
Insurance		508	601
Others		11,664	10,367
		27,944	30,076

18. OTHER RECEIVABLES

Due from members		4,076	6,400
Due from non-members	18.1	10,397	16,152
Interest / profit accrued on PLS savings accounts		1,049	1,135
Due from an ex-member	18.2	6,574	6,574
Management fee receivable		28,909	21,090
Others	18.3	111,055	72,392
		162,060	123,743
Less: Provision for doubtful receivable		(3,341)	(3,341)
		158,719	120,402

18.1 This represents amount due on account of license fee and reimbursement of electricity charges, etc. incurred by the Company.

18.2 This represents amount due from an ex-member upon the cancellation of his membership and declaration as a defaulter. As a result thereof, certain shares of the ex-member were taken over by the Company in order to square up the ex-member's position and are held pending the outcome of a law suit brought against the Company by him in the Honourable High Court of Sindh. The market value of these shares (including bonus shares) as at June 30, 2017 amounted to Rs.53.154 (June 30, 2016: Rs.22.616) million. Further, as disclosed in note 20.5 included in bank balances Rs. 11.426 and Rs.8.515 (June 30, 2016: Rs 10.452 and Rs 7.632) million received as dividend and bank profit respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 18.3** This includes receivable from NCCPL amounting to Rs. 28.447 million (June 30, 2016: Rs.17.062 million) on account of Margin Trading System and Rs.12.948 million (June 30, 2016: Rs. 6.943 million) on account of service charges @ 1%.

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
19. SHORT TERM INVESTMENTS			
Held to maturity			
Market Treasury Bills	19.1	1,564,358	187,517
Pakistan Investment Bonds (PIBs)	19.2	225,844	-
		1,790,202	187,517

- 19.1** These represent Market Treasury Bills having cost of Rs. 1,529.56 (June 30, 2016: Rs. 184.26) million and interest accrued thereon of Rs.34.80 (June 30, 2016: Rs. 3.25) million. The effective rate of return 5.85% (June 30,2016: 6.55%) per annum. These will mature latest by January 18, 2018.

- 19.2** These represent Pakistan Investment Bonds (PIBs) having cost of Rs. 212.53 million and interest accrued thereon of Rs.10.96 million (June 30, 2016: Rs. 77.41) million and amortization of discount of Rs.2.35 million (June 30, 2016: Rs.11.55) million. The effective rate of return 12.36% per annum (June 30, 2016:12.58%). These will mature latest by July 17, 2017.

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
20. CASH AND BANK BALANCES			
In hand		10	10
With banks on:	20.1, 20.3 & 20.4		
Current accounts		127	103
PLS accounts in:			
foreign currency		1,586	2,843
local currency	20.1 to 20.4	2,493,824	380,768
	20.6	2,495,547	383,724

- 20.1** Included in 'current accounts' and 'PLS accounts' are Rs. 0.06 (June 30, 2016: Rs.0.06) million and Rs. Nil (June 30, 2016: Rs. Nil) million, representing deposits from members against exposures and losses (refer note 24).Rate of return on PLS accounts varies from 1.69% to 5.50% (June 30, 2016: 1.69% to 6.30%). However, the effective rate for the year is 5.00% (June 30, 2016: 5.18%).

- 20.2** Included herein are funds earmarked by the Company against the outstanding balance in the Dara F. Dastoor Scholarship Fund, amounting to Rs. 2.130 (June 30, 2016: Rs. 2.220) million.

- 20.3** Included herein are balances, aggregating to Rs. 8.501 (June 30, 2016: Rs. 8.462) million, deposited with the Company by members and an ex-member with respect to certain arbitration cases pending settlement (note 24.1).

- 20.4** Included herein is Rs. 880.285 (June 30, 2016: Rs. 283.480) million held by the Company on account of disposal of membership cards and sale proceeds from divestment of 40% shares and 20% shares through public offering of defaulter / expelled / suspended members (note 24.2).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

20.5 Included herein Rs 19.94 (June 30, 2016: Rs.18.084) million related to bank profit and dividends received on the shares of an ex-member as disclosed in note 18.2.

20.6 Included herein Rs. 50.643 (June 30, 2016: Nil) million deposited with the Company on account of Divestment of 40% shares of PSX. The rate of return is 3.75% (June 30, 2016: Nil), see note 24.3.

21. SHARE CAPITAL

June 30, 2017	June 30, 2016		June 30, 2017	June 30, 2016
---Number of shares---			----- (Rupees in '000) -----	
		Authorised capital		
1,000,000,000	1,000,000,000	Ordinary shares of Rs.10/- each	10,000,000	10,000,000
		Issued, subscribed and paid-up capital		
801,476,600	801,476,600	Ordinary shares of Rs. 10/- each- (other than cash)	8,014,766	8,014,766

21.1 This Includes shares issued against surplus on revaluation of the assets of the Company of Rs.3.288 million (net of tax) in accordance with the requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act 2012.This treatment regarding the surplus has also been approved by the Securities Exchange Commission of Pakistan.

	Note	June 30, 2017	June 30, 2016
		----- (Rupees in '000) -----	
22. LONG TERM DEPOSITS			
Clearing house deposits from members	22.1	1,640,478	141,478
Other security deposits		3,480	3,490
		1,643,958	144,968

22.1 This includes Rs. 1,628.928 million (2016: Nil), cash deposits placed by TREC holders against the Base Minimum Capital requirement with the Exchange in accordance with the Rule Book of PSX.

23. PROVISION FOR WEALTH TAX 23.1 **1,684** 1,684

23.1 Included herein are (a) a sum of Rs. 0.500 (June 30, 2016: Rs. 0.500) million, representing provision in respect of the assessed liability for the assessment year 1999-2000 and (b) a sum of Rs. 1.184 (June 30, 2016: Rs. 1.184) million, representing provision for the assessment year 2000-2001 the assessment of which is currently pending finalisation by the relevant tax authorities.

Further, the Inspecting Additional Commissioner raised an additional demand of Rs.19.184 million in respect of assessment years 1996-97 to 1999-2000 against which various appeals have been filed by the Company with the Income Tax Appellate Tribunal (ITAT). During the year ended June 30, 2002, the ITAT on appeals filed by the Company allowed relief to the Company by cancelling the wealth tax orders and allowing exemption under the Wealth Tax Act 1963. Against this decision of the ITAT, during the year ended June 30, 2007, the Income Tax Department filed an appeal with the Honourable High Court of Sindh against the order issued by the ITAT. Pending the resolution of these matters, no provision has been made in these financial statements for a sum of Rs.19.184 (June 30, 2016: Rs.19.184) million (note 25.1).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

24. TRADE AND OTHER LIABILITIES

	Note	June 30, 2017 ———— (Rupees in '000) ————	June 30, 2016
Deposits against Arbitration	24.1	8,501	8,462
Accrued expenses		46,862	36,685
Provision for staff bonus		27,263	27,500
		82,626	72,647
Other liabilities			
Due to members		6,428	315
Due to non-members		726	531
Retention money		535	535
Fees and rent received in advance		22,677	18,944
Amount held against defaulter / expelled / suspended members	24.2	880,285	283,480
Employees' Gratuity Fund	24.6	79,490	67,629
Provision for Sind Sales Tax on management fee		3,758	2,590
Tax deducted at source		400	432
Various taxes collected from members		67,916	34,098
SECP supervision fee		1,855	1,470
SECP transaction fee		2,486	1,278
Payable to members against divestment proceeds	24.3	50,643	-
Workers' Welfare Fund payable	24.4	-	18,931
Others	24.5	49,763	49,324
		1,166,962	479,557
		1,249,588	552,204

24.1 This represents amount deposited with the Company by members with respect to certain arbitration cases pending settlement (note 20.3).

24.2 This represents amount obtained on disposal of membership cards and sale proceeds received from sale of 40% Divestment and 20% from public offering of PSX Shares of defaulter / expelled / suspended members, including profit accrued thereon, deposited in a separate bank account to be utilised for the settlement of dues of the defaulter members, including investors claim, if any (note 20.4).

24.3 This represents amount deposited with the Company on account of divestment of 40% shares of PSX related to certain shareholders.

24.4 During the year, the Honorable Supreme Court of Pakistan passed a judgement declaring the insertion of amendments introduced in the Finance Acts pertaining to Workers' Welfare Fund Ordinance, 1971, as unlawful and thereby striking down such amendments. Pursuant to the same, the Company reversed the entire provision for WWF, amounting to Rs 18.931 million, as the Company is of the view that there is no basis to maintain such provision anymore.

24.5 This includes an amount of Rs.1.214 (30 June 2016: Nil) million with respect to 1% of the operating revenue of the Company. The said amount is booked as liability in line with the Boards decision in its meeting held on July 06, 2017 as required under clause 5(iii)(b) of the Centralized Customer Protection Fund Regulations 2016 promulgated in April, 2017 .

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees in '000)	
24.6 Employees' Gratuity Fund	79,490	67,629
24.6.1 Principal actuarial assumptions		
Significant actuarial assumptions used in the valuation are as follows:		
	2017	2016
	---% Per annum---	
Discount rate	7.75%	7.25%
Increase in salaries	4.00%	4.00%
Expected return on plan assets	7.75%	7.25%
Demographic Assumptions		
Mortality rates	SLIC 2001-05	SLIC 2001-05
Rate of employee turnover	Moderate	Moderate
24.6.2 Liability recognised in the balance sheet:		
Present value of obligation	234,390	221,006
Fair value of plan assets	(154,900)	(153,377)
	79,490	67,629
24.6.3 Expense recognised in profit and loss account:		
Current service cost	16,751	13,793
Interest cost	14,803	17,935
Expected return on plan assets	(10,606)	(13,300)
	20,948	18,428
24.6.4 Movement in the liability recognised in the balance sheet:		
Opening balance	67,628	58,230
Charge for the year	20,948	18,428
Actuarial loss recognised in other comprehensive income	10,405	12,343
Contribution	(19,491)	(21,373)
Closing balance	79,490	67,628
	2017	2016
	---% Per annum---	
24.6.5 Actual return on plan assets	10.23%	8.78%
24.6.6	The expected return on plan assets was determined by considering the market expectations and depends upon the assets portfolio of the fund, at the beginning of the year, for returns over the entire life of the related obligation.	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees in '000)	
24.6.6.1 Movement of present value of defined benefit obligation		
Opening balance	221,006	189,170
Current service cost	16,751	13,793
Interest cost	14,803	17,936
Total benefits paid	(33,664)	(10,434)
Actuarial loss on obligation	15,494	10,541
Closing balance	234,390	221,006

24.6.6.2 Movement of fair value of plan assets

Opening balance	153,377	130,940
Return on plan assets	10,606	13,300
Contributions	19,491	21,373
Benefits paid by the fund	(33,664)	(10,434)
Actuarial gain / (loss) on assets	5,090	(1,802)
Closing balance	154,900	153,377

24.6.7 Remeasurements recognised in Other Comprehensive (Income) / expense during the year

Actuarial loss on obligation	(15,494)	(10,541)
Actuarial gain / (loss) on assets	5,089	(1,802)
	(10,405)	(12,343)

24.6.8 Constituents of plan assets

	Fair Value as at June 30, 2017		Fair Value as at June 30, 2016	
	(Rupees in '000)	%	(Rupees in '000)	%
Government securities	144,397	93.22%	140,590	91.66%
Cash and net current assets	10,503	6.78%	12,787	8.34%
	154,900	100%	153,377	100%

24.6.9 Historical information

	2017	2016	2015	2014	2013
	(Rupees in '000)				
Present value of defined benefit obligation	234,390	221,006	189,170	144,428	162,870
Fair value of plan assets	(154,900)	(153,377)	(130,940)	(102,820)	(122,251)
Funding surplus	79,490	67,629	58,230	41,608	40,619
Experience adjustment on plan liabilities	(15,494)	(10,541)	(21,819)	(8,775)	(13,450)
Experience adjustment on plan assets	5,089	(1,802)	8,207	(2,940)	(1,937)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

24.6.10 Maturity profile of the defined benefit obligation

	June 30, 2017	June 30, 2016
	(Rupees in '000)	
Distribution of timing of benefit payments within the next 12 months (next annual reporting period)	45,468	13,411
between 2 and 5 years	36,463	68,613
between 6 and 10 years	80,672	73,864
Beyond 10 years	545,816	548,096

	Present value of Defined Benefit Obligation	Percentage change
24.6.11 Sensitivity Analysis on significant actuarial assumptions: Actuarial Liability	(Rupees in '000)	
Discount Rate +1%	219,106	-6.52%
Discount Rate -1%	234,390	7.38%
Long Term Salary Increases +1%	252,174	7.59%
Long Term Salary Increases -1%	218,444	-6.80%

25. CONTINGENCIES AND COMMITMENTS

25.1 Tax related contingencies

25.1.1 Contingency relating to wealth tax amounts to Rs.19.184 (June 30, 2016: Rs 19.184) million is discussed in detail in note 23. Pending resolution of this matter, no provision has been made in these financial statements for any liability that may arise on this account.

25.2 Contingencies relating to PSX's operations

Law suits filed during 1997

25.2.1 A lawsuit was filed by five investors against the Company and an ex-member for declaration, injunction and recovery of damages, aggregating to Rs.70.00 (June 30, 2016: Rs.70.00) million together with interest thereon. The investors alleged that the Company had unlawfully taken possession and disposed off some shares belonging to the petitioners that were lying with the ex-member. The legal advisor of the Company considers that above mentioned lawsuit is expected to be decided in favour of the Company. Hence, no provision has been made in the financial statements for any liability that may arise as a result of these lawsuits.

Law suits filed during 2000

25.2.2 An ex-member filed a lawsuit against the Company, CDC and the SECP, in the Honourable High Court of Sindh, for cancelling his membership and declaring him as a defaulter for a claim of Rs.300 (June 30, 2016: Rs.300) million, from each. The Company is of the view that the ex-member was declared as a defaulter in accordance with its regulations as the said member had not made payments to settle his liability to the Company for the ready clearing dues and exposure and losses aggregating to Rs.351.392 (June 30, 2016: Rs.351.392) million. A sum of Rs.302.882 (June 30, 2016: Rs.302.882) million, including Rs 6.574 (June 30, 2016: Rs.6.574) million was subsequently realized by the Company from the sale of the assets of the ex-member.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

Subsequently, a fund management and investment company filed a lawsuit in the Honourable High Court of Sindh against the above mentioned ex-member, CDC, SECP and the Company. The petitioners, alleged that the company had unlawfully taken the delivery of shares for which the petitioners had entered into that the Company had unlawfully taken the delivery of shares for which the petitioners had entered into contracts for purchase with the ex-member. The petitioners claimed declaration, injunction and delivery of the undelivered shares and damages of Rs.500 (June 30, 2016: Rs.500) million from the Company.

The legal advisor of the Company considers that above mentioned lawsuits would be decided in favour of the Company. Hence, no provision has been made in the financial statements for any liability that may arise as a result of these.

Law suits filed during 2008

25.2.3 As a result of a dispute between the Company and a member (suspended), whereby the member (suspended) was not sharing certain information relating to trading of shares, the Company complained to the SECP and the member (suspended) fearing about any coercive action by the Company and SECP, filed a suit against the Company in the Honourable High Court of Sindh. However, the SECP before filing the law suit by the member, had already suspended the license of the brokerage of the member. The member (suspended) has filed the above law suit for declaration, permanent injunction, mandatory injunction and damages of Rs.2,000 (June 30, 2016: Rs.2,000) million against the Company. The legal advisor of the Company considers that above mentioned lawsuits would be decided in favour of the Company. Hence, no provision has been made in the financial statements for any liability that may arise as a result of these lawsuits.

25.2.4 The Islamabad Stock Exchange (Guarantee) Limited filed a complaint with the Competition Commission of Pakistan (CCP) against the Company alleging abuse of its dominant position in securities market in contravention of Section 3 of the Competition Ordinance, 2007. The CCP passed directed the Company to take corrective measures along with the other exchanges of Pakistan and in case of failure to comply with the direction of the CCP, the Company will be liable to pay a penalty of Rs. 50 (June 30, 2016: Rs.50) million and additional penalty of Rs.250,000 per day for each day of non-compliance. The Company has filed an appeal before the Supreme Court against the CCP's Order. As per the legal advisor, the Company has a reasonable case in respect of the above. Hence, no provision for any liability which may arise in this regard has been made in the financial statements.

Law suits filed during 2017

25.2.5 During the year, the Company has received a demand notice amounting to Rs. 32.19 million from Karachi and Water Sewerage Board (KWSB) in respect of water, sewerage, conservancy and fire charges. However, the Company is of the view, that since the Company is not receiving any sort of utilities from KWSB therefore, such demand is not valid. In view of the same, a petition has been filed by the Company in the court of law against the above demand of KWSB. The matter is currently pending adjudication and based on the view of the legal advisor of the Company positive outcome is expected in favour of the Company and hence no provision has been made by the management against the above demand in these financial statements.

25.2.6 In addition to the above stated litigations, there are various other lawsuits filed by ex-members and / or their customers and penalties imposed by the CCP and SECP, which the Company is currently contesting in various courts of laws / forums. Following are the issues in relation to such litigations / penalties:

- Customer of members claiming for losses on their investments arising due to fixation of floor prices by the Company.
- CCP imposing penalty for placement of floor.
- Customer of members claiming for losses due to certain activities of members resulting in financial loss to the customers.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- Third party claiming for damages from Company for putting restriction for operating in office premises which the third party bought from ex-member.
- Counter claim of a member against the penalties imposed by the PSX due to non-compliance of certain Regulations by the member.

The cumulative financial impact of these various litigations is estimated to be Rs.46.871 (June 30, 2016: Rs. 58.257) million. The management of the Company, based on legal advisors opinions, believes that the Company has reasonable position in respect of these litigations. Hence, no provision for any liability which may arise in this regard has been made in the financial statements of the Company.

25.2.7 In addition, there are certain other cases relating to ex-member's default filed against other defendants and the PSX, wherein, the chances of decision going against the PSX are remote.

25.3 Commitments

Aggregate commitments for capital expenditure at the end of the year were Rs.35.201 (June 30, 2016: Rs.7.664) million.

	Note	June 30, 2017 ———— (Rupees in '000) ————	June 30, 2016 ———— (Rupees in '000) ————
26. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET			
Opening balance as at July 01		-	-
Surplus during the year	7.1.3	976,943	-
Related deferred tax liability	14	(232,744)	-
Balance of surplus as of 30 June		744,199	-
27. LISTING FEE			
Annual fees		197,748	186,443
Initial fees		47,926	41,743
		245,674	228,186
28. INCOME FROM EXCHANGE OPERATIONS			
Trading fee		339,564	221,002
Facilities and equipment fee		70,361	53,352
Income from non-trading facilities		29,878	31,691
Membership fee		3,820	1,930
Other fee		9,303	12,706
		452,926	320,681

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

29. SERVICE CHARGES

During the previous year, PSX received a directive from the SECP under section 12(c)(d) and 170 (i) of the Securities Act, 2015, to transfer the risk management function from PSX to National Clearing Company of Pakistan Limited (NCCPL). In this respect, all the deposits from members against the exposure and losses were transferred to NCCPL. Since the entire network of PSX will be used, the NCCPL will reimburse 1% service charge to PSX as approved by the board.

30. MANAGEMENT FEE

The Company used to manage PSX Clearing House Protection Fund (CHPF) and PSX Investors Protection Fund (IPF) till April 30, 2016. Effective May 1, 2016, the Company only manages PSX Investors Protection Fund (IPF) which includes provision of services related to finance and investment, risk management and customers services and investors complaints. The management fee is charged based on the following rates as approved by the Board of Directors of the Company:

	CHPF		IPF	
	June, 2017	June, 2016	June, 2017	June, 2016
	%		%	
On fund size of CHPF				
For the period from July 1 to April 30	-	4%	-	-
For the period from May 1 to June 30	-	-		
On fund size of IPF				
For the period from July 1 to June 30	-	-	4%	4%

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
31. MARK-UP / INTEREST INCOME			
Return on:			
Government securities		105,163	219,184
PLS saving accounts		22,280	199,763
		127,443	418,947

32. ADMINISTRATIVE EXPENSES

Salaries and other benefits	32.1	455,388	413,106
Rent, rates and taxes		16,118	8,162
Fuel and power		59,217	60,511
Repairs and maintenance		48,870	43,850
Computer maintenance and related expenses		85,707	69,440
Insurance		19,839	12,366
Telephone, courier and postage		5,798	6,338
Printing and stationery		12,011	14,701
Donations		-	4,500
Auditors' remuneration	32.2	5,639	6,676
Legal and professional charges		23,900	37,042
Divestment / Demerger expense		-	18,648
Depreciation	7.1	174,402	193,848

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	June 30, 2017 <small>———— (Rupees in '000) ————</small>	June 30, 2016 <small>———— (Rupees in '000) ————</small>
Amortisation	8.1	47,846	33,000
Travelling and conveyance		21,242	30,562
General office expense		7,097	7,449
Receptions, meetings and functions		29,243	19,513
Advertisement, marketing and development		13,104	21,819
SECP supervision fee		6,986	5,489
Provision for trade debts considered doubtful - net	15.3	10,465	1,733
Security expenses		20,448	19,433
Subscription fee		10,708	2,667
Loss on sale of fixed assets- net	7.1.1 & 7.1.2	21,433	19
Training and development		2,797	2,363
Public offering for sale of shares		2,815	-
Other expenses		21,006	6,639
		1,122,079	1,039,874

32.1 Included herein is a sum of Rs.20.948 (June 30, 2016: Rs.18.428) million in respect of retirement benefits.

	Note	June 30, 2017 <small>———— (Rupees in '000) ————</small>	June 30, 2016 <small>———— (Rupees in '000) ————</small>
32.2 Auditors' remuneration			
Special audit		-	820
Annual audit		777	715
Half yearly review		267	262
Review of code of corporate governance		55	55
Other special assignment		-	1,000
Taxation and other services		4,410	3,694
Out of pocket expenses		130	130
		5,639	6,676

33. FINANCIAL AND OTHER CHARGES

Return on cash margin against ready and			
Future exposure and losses		-	138,214
Bank charges		444	649
Workers' Welfare Fund		-	5,240
		444	144,103

34. OTHER INCOME

Fair value loss on investment property		-	(12,465)
Bad debts recovered		1,088	2,280
Reversal of Provision against Workers' Welfare Fund	34.1	18,931	-
Others		1,401	1,852
		21,420	(8,333)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 34.1** During the year, the Honourable Supreme Court of Pakistan passed a judgement declaring the insertion of amendments introduced in the Finance Acts pertaining to Workers Welfare Fund Ordinance 1971, as unlawful and thereby striking down such amendments. Pursuant to the same, the Company reversed the entire provision for WWF as the Company is of the view that there is no basis to maintain such provision anymore.

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
35. TAXATION			
Current		82,734	78,578
Deferred		(41,156)	46,416
	35.1	41,578	124,994

- 35.1** The numerical reconciliation is not provided as the tax charge of the Company is mainly comprise of minimum tax and tax at reduced rates under the relevant sections of Income Tax Ordinance, 2001.

	June 30, 2017	June 30, 2016
	(Rupees in '000)	
36. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	277,294	132,272
Weighted average number of ordinary shares outstanding during the year	801,476	801,476
	(Rupees)	
Basic and diluted earnings per share (Rupees)	0.35	0.17

37. REMUNERATION OF MANAGING DIRECTOR AND DIRECTORS

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including benefits, to the Managing Director and Directors of the Company are as follows:

	June 30, 2017		
	Managing Director	Directors	Total
	(Rupees in '000)		
Managerial remuneration	19,356	-	19,356
Reimbursement of expenses	1,013	-	1,013
Annual performance payout / Ex-Gratia	886	-	886
Fees	-	14,800	14,800
	21,255	14,800	36,055
Number	2*	14	

	June 30, 2016		
	Managing Director	Directors	Total
	(Rupees in '000)		
Managerial remuneration	17,954	-	17,954
Reimbursement of expenses	1,070	-	1,070
Annual performance payout	8015	-	8015
Fees	-	11,325	11,325
	27,039	11,325	38,364
Number	1	10	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

37.1 The Managing Director of the Company is also provided with the free use of Company owned and maintained car.

* During the year, Managing Director completed his tenure and Deputy Managing Director was appointed in the capacity of Acting Managing Director.

38. RELATED PARTY TRANSACTIONS

The related parties comprise of associates, companies with common directorship, staff gratuity fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties.

The balances with related parties are disclosed in respective notes to the financial statements. Following are the details of transactions with related parties during the period ended June 30, 2016 and June 30, 2017.

	June 30, 2017	June 30, 2016
	———— (Rupees in '000) ————	
Management fee		
PSX Clearing House Protection Fund (CHPF)	-	133,677
PSX Investors Protection Fund (IPF)	113,600	45,410
	113,600	179,087
Service charges		
National Clearing Company of Pakistan Limited (NCCPL)	62,948	-
	62,948	-
Dividend income		
Central Depository Company of Pakistan Limited (CDCPL)	7,961	84,088
National Clearing Company of Pakistan Limited (NCCPL)	45,088	94,924
	53,049	179,012
Income from investment property		
CDCPL	6,080	5,527
NCCPL	14,055	13,543
	20,135	19,070
Income from Margin Trading System - NCCPL	47,226	30,785
CDC fees - CDCPL	8,424	1,881
Trading fees		
Aba Ali Habib Securities (Private) Limited	8,658	6,297
Adam Securities (Private) Limited	11,959	10,354
Topline Securities (Private) Limited	-	1,952
Lakhani Securities (Private) Limited	215	186
	20,832	18,789
Profit on PLS account		
BankIslami Pakistan Limited	-	1,539
	-	1,539

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	June 30, 2017 <small>———— (Rupees in '000) ————</small>	June 30, 2016 <small>———— (Rupees in '000) ————</small>
Facilities and equipment fees			
Aba Ali Habib Securities (Private) Limited		722	339
Adam Securities (Private) Limited		2,836	1,342
Topline Securities (Private) Limited		-	224
Lakhani Securities (Private) Limited		143	12
Abid Ali Habib Securities (Private) Limited		3	2
Engro Corporation Limited		8	-
Archroma Pakistan Limited		8	-
KSB Pumps Limited		8	-
National Bank of Pakistan		104	-
National Refinery Limited		8	-
Pak Suzuki Motor Company Limited		8	-
		3,848	1,919
Listing fees			
National Bank of Pakistan		901	947
National Refinery Limited		620	-
Engro Corporation Limited		1,032	943
Archroma Pakistan Limited		591	601
KSB Pumps Limited		394	368
WYETH Pakistan Limited		400	465
Pak Suzuki Motor Company Limited		652	-
Tri-Pack Films Limited		-	320
Thal Limited		-	398
Descon Oxychem Limited		-	166
BankIslami Pakistan Limited		-	375
EFU Life Assurance Limited		-	385
Sui Southern Gas Company Limited		-	418
Standard Chartered Bank (Pakistan) Limited		-	539
		4,590	5,925
Insurance Premium			
EFU Life Assurance Limited		-	1,927
Retirement benefit plan			
Payment made to gratuity fund during the year		19,491	21,373
Donation			
Developments in Literacy		-	326
Sindh Institute of Urology and Transplantation		-	489
		-	815
39. NON - CURRENT ASSETS HELD FOR DISPOSAL			
Transfer of sub-lease of properties	39.1	35,431	-
		35,431	
Less: Provision for impairment against transfer of sub-lease of properties	39.1	(35,431)	-
		-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

- 39.1** As fully explained in note 7.1.1, in addition to the sub-leases of 77 office spaces fully executed during the year, there are 39 sub-leases, for which the Company has received applications from the occupants and currently in the process of evaluating the same and completing legal and other formalities for its transfer.

In view of the above facts and circumstances, these 39 sub-leases, having an aggregate book value of Rs. 35.431 million have been reclassified from 'property and equipment' to 'non-current assets held for disposal' in terms of the requirements of IFRS -5 - "Non-current Assets Held for Sale and Discontinued Operations." Further, as required under IAS-36 - "Impairment of Assets" upon classification as held for disposal, the above properties was tested for impairment and considering that sub-leases in respect of these properties would be provided without any consideration and the impairment loss amounting to Rs. 35.431 million has been recognized by the Company in these financial statements.

40. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise long term and short term deposits, accrued and other liabilities. The financial assets comprise of short term investments, cash at bank, trade debts, loans and advances, long term deposits and other receivables.

The Company is exposed to market risk, credit risk and liquidity risk.

40.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, equity price risk and currency risk. The Company is exposed to market risk as a result of mismatches or gaps in the amounts of financial assets and financial liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through risk management strategies.

40.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term investments and bank deposits in saving accounts. At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	June 30, 2017			
	Interest / mark-up bearing			
Effective yield / mark-up rate ———%———	Upto six months	More than six months	Total	
	(Rupees in '000)			
Financial assets				
Government securities	5.85 - 12.36	1,790,202	-	1,790,202
Cash and bank balances	1.69 - 5.50	2,495,410	-	2,495,410
		4,285,612	-	4,285,612

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	June 30, 2016		
	Interest / mark-up bearing		
	Effective yield / mark-up rate ——%——	Upto six months	More than six months Total
Financial assets			
Government Securities	6.23 - 12.58	187,517	1,600,467
Cash and bank balances	1.69 - 6.30	383,611	-
		571,128	1,600,467
			2,171,595

The following table demonstrates the sensitivity of Company's income for the year to a reasonably possible change in interest rates, with all other variables held constant.

	Effect on profit	
	June 30, 2017	June 30, 2016
Change in basis point		
	—— (Rupees in '000) ——	
+ 100	42,856	21,716
- 100	(42,856)	(21,716)

40.3 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates only to the bank balance in saving accounts maintained in US dollars amounting to Rs. 1.586 (June 30, 2016: Rs.2.843) million [US dollars 0.015 (June 30, 2016: US dollars 0.027) million].

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's income before tax and reserves.

	Change in US dollar rate	Effect on profit before tax	Effect on reserves
		—— (Rupees in '000) ——	
2017	+10%	159	159
	-10%	(159)	(159)
2016	+10%	284	284
	-10%	(284)	(284)

40.4 Credit risk

40.4.1 Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company is exposed to credit risk on its short term investments, deposits, trade debts, loans and advances, cash at bank and other receivables. The table below shows the maximum exposure to credit risk for the components of the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	Note	June 30, 2017	June 30, 2016
		(Rupees in '000)	
Financial assets			
Government Securities			
- Market treasury bills		1,564,358	187,517
- Pakistan Investment Bonds (PIBs)		225,844	1,600,467
Cash at bank		2,495,537	383,714
Trade debts	40.4.2	46,485	40,917
Loans and advances		16,562	17,945
Long term deposits		40,619	40,537
Other receivables		158,719	120,402
		4,548,124	2,391,499

40.4.2 This includes trade debts of Rs. 3.677 million which are past due but not impaired.

40.4.3 Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the credit quality of Company's exposure with respect to cash at bank only:

	June 30, 2017	June 30, 2016
		(%)
Ratings *		
AAA	2.08	1.06
AA+	96.83	74.37
AA	-	23.41
AA-	1.09	0.23
A+	-	0.57
A	-	0.36
	100.00	100.00

* Ratings are performed by PACRA and JCR-VIS

40.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in releasing funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the Company's reputation. The table below summarizes the maturity profile of Company's financial liability:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

	June 30, 2017			
	On demand	Upto three months	More than one year	Total
	(Rupees in '000)			
Long term deposits	-	-	1,643,958	1,643,958
Deposits from members against exposures and losses	-	-	-	-
Trade and other liabilities	1,249,588	-	-	1,249,588
Total	1,249,588	-	1,643,958	2,893,546

	June 30, 2016			
	On demand	Upto three months	More than one year	Total
	(Rupees in '000)			
Long term deposits	-	-	144,968	144,968
Deposits from members against exposures and losses	-	-	-	-
Trade and other liabilities	552,204	-	-	552,204
Total	552,204	-	144,968	697,172

40.6 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of government securities is determined by reference to the quotation obtained from the brokers on the Reuters page. The fair values of financial assets and liabilities of the Fund, other than government securities, approximate their carrying amount due to short-term maturities of these instruments.

40.7 Fair value hierarchy

The Company uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at June 30, 2017, the Company's long term investments are in unquoted securities (see note 11), which are carried at cost, less impairment, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2017

41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 28 August, 2017 by the Board of Directors of the Company.

42. NUMBER OF EMPLOYEES

The number of employees as at June 30, 2017 were 268 (June 30, 2016: 276).

43. GENERAL

43.1 The Board of Directors in their meeting held on August 28, 2017 proposed a final cash dividend at the rate of 2% (June 30, 2016 : 0.5%) i.e. Re 0.20 (June 30, 2016: Re 0.05) per share, for the financial year ended June 30, 2017, amounting to Rs.160.295 (June 30, 2016:Rs. 40.074) million for the approval of the shareholders in the Annual General Meeting to be held on October 24, 2017

43.2 Certain prior year figures have reclassified for comparison purposes. However, there are no material reclassifications to report.

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2017

Number of Shareholders	Shareholdings	Total Shares Held
7	1 to 100	700
405	101 to 500	202,453
219	501 to 1000	219,000
135	1001 to 5000	361,500
18	5001 to 10000	166,500
5	10001 to 15000	71,000
11	15001 to 20000	201,000
2	20001 to 25000	46,500
1	25001 to 30000	30,000
3	30001 to 35000	102,000
2	35001 to 40000	78,000
1	40001 to 45000	43,000
2	45001 to 50000	100,000
1	55001 to 60000	60,000
1	60001 to 65000	65,000
1	70001 to 75000	72,000
32	95001 to 100000	3,175,769
3	100001 to 105000	307,796
17	105001 to 110000	1,818,788
2	110001 to 115000	225,986
6	115001 to 120000	699,098
2	120001 to 125000	250,000
2	135001 to 140000	272,124
4	140001 to 145000	565,176
2	145001 to 150000	297,350
1	155001 to 160000	159,082
1	170001 to 175000	173,454
4	175001 to 180000	707,339
4	195001 to 200000	794,699
1	200001 to 205000	200,369
2	210001 to 215000	424,715
1	220001 to 225000	225,000
3	225001 to 230000	684,223
4	230001 to 235000	935,056
3	245001 to 250000	745,584
1	260001 to 265000	262,659
2	280001 to 285000	566,277
1	285001 to 290000	288,476
4	295001 to 300000	1,189,400
2	330001 to 335000	660,446
3	345001 to 350000	1,043,816
4	350001 to 355000	1,415,525
3	360001 to 365000	1,086,852
1	375001 to 380000	377,000
4	395001 to 400000	1,589,401
1	460001 to 465000	465,000
1	475001 to 480000	478,238
5	495001 to 500000	2,477,915
1	520001 to 525000	524,833
3	530001 to 535000	1,593,031
1	550001 to 555000	552,953
1	585001 to 590000	589,531
1	595001 to 600000	597,872
1	655001 to 660000	659,671
3	705001 to 710000	2,123,361
1	755001 to 760000	759,828
1	790001 to 795000	793,000

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2017

Number of Shareholders	Shareholdings	Total Shares Held
2	795001 to 800000	1,600,000
2	800001 to 805000	1,602,993
1	900001 to 905000	902,953
5	990001 to 995000	4,955,829
1	1020001 to 1025000	1,024,991
1	1090001 to 1095000	1,090,283
2	1130001 to 1135000	2,264,816
1	1185001 to 1190000	1,189,400
2	1485001 to 1490000	2,976,702
2	1570001 to 1575000	3,145,906
27	1585001 to 1590000	42,928,631
157	1600001 to 1605000	251,663,221
1	1630001 to 1635000	1,632,953
2	1765001 to 1770000	3,539,866
1	1910001 to 1915000	1,913,316
3	1980001 to 1985000	5,946,998
1	2100001 to 2105000	2,102,953
1	2250001 to 2255000	2,254,903
2	2400001 to 2405000	4,807,283
1	2445001 to 2450000	2,449,018
1	2700001 to 2705000	2,704,380
1	3205001 to 3210000	3,206,875
1	3300001 to 3305000	3,303,887
1	3365001 to 3370000	3,369,965
1	3400001 to 3405000	3,402,551
1	3465001 to 3470000	3,469,082
1	3535001 to 3540000	3,539,454
1	3960001 to 3965000	3,964,665
1	6540001 to 6545000	6,541,698
1	7730001 to 7735000	7,731,097
1	7925001 to 7930000	7,929,330
1	10615001 to 10620000	10,619,356
1	11150001 to 11155000	11,150,621
2	17690001 to 17695000	35,384,638
3	40070001 to 40075000	120,221,490
1	64115001 to 64120000	64,118,128
1	136250001 to 136255000	136,251,022
<u>1188</u>		<u>801,476,600</u>

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, their spouse(s) and minor children			
Mr. Abdul Majeed Adam	1	100	0.00%
Mr. Ahmed Chinoy	1	100	0.00%
Mr. Muhammad Abid Ali Habib	1	100	0.00%
Associated Companies, Undertaking and Related Parties	-	-	0.00%
Mutual Funds			
CDC - Trustee AKD Opportunity Fund	1	11,150,621	1.39%
CDC - Trustee NAFA Multi Asset Fund	1	173,454	0.02%
CDC - Trustee UBL Asset Allocation Fund	1	524,833	0.07%
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	589,531	0.07%
CDC - Trustee UBL Stock Advantage Fund	1	3,206,875	0.40%
Golden Arrow Selected Stocks Fund Limited	1	6,541,698	0.82%
Safe Way Fund Limited	1	3,469,082	0.43%
Public Sector Companies and Corporations	-	-	0.00%
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas & Pension Funds	16	139,637,795	17.42%
Executives	-	-	0.00%
General Public	928	43,834,432	5.47%
Others			
Foreign Companies	3	240,442,980	30.00%
Joint Stock Companies	231	351,904,999	43.91%
Total	1188	801,476,600	100.00%
Shareholders holding 5% or more			
China Financial Futures Exchange Company Limited		136,251,022	17.00%
Shanghai Stock Exchange		64,118,128	8.00%
Shenzhen Stock Exchange		40,073,830	5.00%
Pak China Investment Company Limited		40,073,830	5.00%
Habib Bank Limited		40,073,830	5.00%
Total		320,590,640	40.00%

AUDITORS' REPORT ON OPERATIONS AND IT SYSTEMS



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Independent Reasonable Assurance Report to Pakistan Stock Exchange Limited on the Operational and System Audit

Introduction

We were engaged by Pakistan Stock Exchange Limited (the Exchange) in accordance with the requirement of regulation 16(7) of the Securities Exchange (Licensing and Operations) Regulations, 2016 (the Regulations) to carry out annual Operations and IT system audit for the year beginning 1 July 2016 and ending 30 June 2017 (the period) in compliance with the requirements as stipulated in para 1 of Annexure III of the Regulations.

Our scope of services was to report on the design and operating effectiveness of controls related to the control objectives stated in the "descriptions of the Operations and IT Systems for processing customers' transactions throughout the period" (the Description) (annexed herewith in Section 2). The Description indicates that certain control objectives specified therein can only be achieved if complementary Participant Controls, contemplated in the design of the controls of the Exchange, are suitably designed and operating effectively, along with related controls at the Exchange. We have not evaluated the suitability of the design and/or operating effectiveness of such Participant Controls.

Management's Responsibilities

The management of the Exchange is responsible for preparing the Description and accompanying assertions (section 1), including the completeness, accuracy and method of presentation of the Description. Further the management is also responsible to provide the services covered by the Description; stating the control objectives; and designing, implementing and effectively operating controls to achieve the stated control objectives. The management of the Exchange is also responsible for ensuring that the staff involved in managing these control objectives are properly trained and systems are properly updated. It is also the responsibility of the management to prevent and detect fraud in relation to Operation and IT Systems.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion on the Description providing management statements on the design, operating efficacy of controls and the control objectives stated in the Description, based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements 3402 "Assurance Reports on Controls at a Service Organization". The standard requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls are suitably designed and operating effectively.

KPMG/TH

KPMG Taseer Haddi & Co., a Partnership firm registered in Pakistan
and a member firm of the global network of independent member
firms affiliated with the KPMG network of independent
member firms, a Swiss entity

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An assurance engagement to report a Type II report, as defined in ISAE 3402, on the description, design and operating effectiveness of controls at a service organization involves performing procedures to obtain evidence about the disclosures in the service organization's description of its system, and the design and operating effectiveness of controls. The procedures selected depend on our judgment, including the assessment of the risks that the description is not fairly presented, and that controls are not suitably designed or operating effectively. Our procedures included testing the operating effectiveness of those controls, on a sample basis, that we consider necessary to provide reasonable assurance that the control objectives stated in the description were achieved. An assurance engagement of this type also includes evaluating the overall presentation of the description, the suitability of the objectives stated therein, and the suitability of the criteria specified by the Exchange (Section 1).

Our procedures included (but were not limited to) the following:

- enquiry, inspection and observation based on our professional judgment.
- review of the description and accompanying assertions for completeness, accuracy and method of presentation as prepared by management of the Exchange.
- review of control objectives and control activities as prepared by management of the exchange for the design, implementation and operating effectiveness.
- review of the policies and procedures relevant to the controls prepared by management of the exchange.
- walkthrough of the processes where the design was complex and identified the controls to be tested for the effectiveness.
- the test of controls on the basis of test of one for the technical, automated and governance level controls and on sample basis for procedural controls.
- review of the exceptions identified, discussed the exceptions with the management and finalized the exception for reporting.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Inherent limitations

The Description of the Exchange is prepared to meet the common needs of a broad range of customers and their auditors and may not, therefore, include every aspect of the system that each individual customer may consider important in its own particular environment. Also, because of their nature, controls at the Exchange may not prevent or detect all errors or omissions in processing or reporting transactions. Also, the projection of any evaluation of effectiveness to future periods is subject to the risk that controls at the Exchange may become inadequate or fail.

Opinion

Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion are those described in Section 1. In our opinion, in all material respects:

- a) the description fairly presents the Operational and IT systems as designed and implemented throughout the period from 1 July 2016 to 30 June 2017;
- b) the control objectives were suitably designed throughout the period from 1 July 2016 to 30 June 2017; and
- c) the controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period from 1 July 2016 to 30 June 2017.





KPMG Taseer Hadi & Co.

Intended Users and Purpose

This report and the contents appended herein, are intended only for customers who have used the Exchange's Operational and IT systems, and their auditors, who have a sufficient understanding to consider it, along with other information including information about controls operated by customers themselves, when assessing the risks of material misstatements of customers' financial statements.

Date: 28 August 2017
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Partner : Syed Najmul Husain

Section 1

Management Assertions – Audit of operations, regulatory functions and IT systems of Pakistan Stock Exchange Limited under Securities Exchange (Licensing and Operations) Regulations, 2016.

We have prepared the description of Pakistan Stock Exchange Limited ("the Exchange") Control Framework referred to in this assertion statement as the 'system' including controls operated by the Exchange for user entities of the system during the period 1 July 2016 to 30 June 2017. We confirm, to the best of our knowledge and belief, that:

A. the description fairly presents the system made available to user entities of the system during some or all of the period 1 July 2016 to 30 June 2017 for processing their transactions and management of their service. The criteria we used in making this assertion were that the accompanying description:

1. Presents how the systems made available to user entities was designed and implemented to process relevant transactions, including:

- The types of services provided and classes of transactions processed;
- The procedures, within both automated and manual systems, by which these transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports presented to user entities of the system.
- The related records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information is transferred to the reports presented to user entities of the system.
- How the system captures significant events and conditions, other than transactions.
- The process used to prepare reports provided to user entities of the system.
- Specified control objectives and controls apart from where identified in this report are designed to achieve those objectives.
- The process used to prepare reports or other information provided to the user entities;
- other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring controls other than those requiring further improvement based on the observations identified in this report that are relevant to processing and reporting transactions of user entities of the system.

2. does not omit or distort information relevant to the scope of the Systems being described, while acknowledging that the controls related to the control objectives (stated in Annexure II of this letter) were suitably designed and operated effectively throughout the period 01 July 2016 to 30 June 2017 to achieve those control objectives except for those matters within the service auditor's assurance report.

B. the description of Operations and IT Systems (stated in Annexure I of this letter) includes relevant details of changes to the Exchange's system during the audit period covered



C. the controls related to the control objectives stated in the accompanying description were suitably designed and operated effectively throughout the period from 01 July 2016 to 30 June 2017 to achieve those control objectives.

Criteria used in making assertions:

- the risks that threatened achievement of the control objectives stated in the description have been identified by the Exchange;
- the controls identified in the description would, if operating as described, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved; and
- The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Yours Truly,

Haroon Aslam



Acting Managing Director
Pakistan Stock Exchange Limited



Section 2

Description of Operations and IT Systems of Pakistan Stock Exchange Limited (the Exchange)

The control environment within which the Exchange operates is not restricted to the control objectives and procedures outlined in this description.

The Exchange maintains a high standard of good governance and has implemented governance arrangements which are consistent with the Code of Corporate Governance, 2012. An overview of these components of the Exchange's Code of corporate governance which are relevant to the operation of securities exchange is set out below.

The Exchange was incorporated in 1949 as a company limited by guarantee. As a result of demutualization, the Exchange stood corporatized and demutualized as a public company limited by shares under the name of "Karachi Stock Exchange Limited", with effect from August 27, 2012. Subsequently, the three stock exchanges namely Karachi Stock Exchange, Lahore Stock Exchange & Islamabad Stock Exchange were integrated into Pakistan Stock Exchange Limited (the Exchange) on January 11, 2016.

The Exchange provides a reliable, orderly, liquid and efficient digitized market place where investors can buy and sell listed companies' common stocks and other securities. For over 60 years, the Exchange has facilitated capital formation, serving a wide spectrum of participants, including individual and institutional investors, the trading community and listed companies.

The following Committees also form an integral part of the overall control environment in which the Exchange operates:

1. Nomination Committee
2. Regulatory Affairs Committee
3. Audit Committee
4. Human Resource & Remuneration Committee
5. Investment Committee
6. Listing Committee
7. Market Development & New Products Committee
8. Trading & Commercial Affairs Committee
9. Taxation Committee
10. Voluntary De-Listing Committee
11. Divestment Committee

Internal Audit is outsourced with an audit firm. The Internal Audit reports to the Audit Committee. Internal audits are conducted for operational areas on a regular basis. Audits are individually scoped with due consideration of the relevant risks for that area, and approved by the Audit Committee. The Board relies on the inputs and recommendations of the Internal Audit function through its Audit Committee on the adequacy and effectiveness of internal controls in the organization and take appropriate measures.

The Exchange is licensed by Securities and Exchange Commission of Pakistan (SECP, the Commission) required to go through a regulatory audit by independent auditors.

Operational Governance

The primary divisions that have direct control over the operations and systems of securities exchange are Operations Department and Information Technology Division.

Operations is headed by Deputy Managing Director and is responsible for Listing, TREC and Trading affairs.

Information Technology Division reports to Deputy Managing Director. IT Division is responsible for Application development, software quality assurance, network, infrastructure management, system management, databases, IT Support & Services and Audit coordination & compliance. The Information systems supports operational activities related to trading, post trade reporting, management information systems, risk management of trading, data dissemination, indices calculation, publication of data and connectivity.

Operational resilience

The Exchange operates using a dual site model for key functions, with one operational site at the Exchange Buildings in Karachi. Disaster recovery site is maintained for its technology systems and disaster recovery plans are tested periodically in accordance with a centrally managed testing schedule.

Control Objectives and Control Procedures

Set out in this document are the control objectives implemented over Operations of the Exchange by the management. The specific controls that we tested have been designed to achieve each of the control objectives.

Management has prepared a design of controls comprising of the control objectives provides reasonable assurance that:

- initiatives are taken to maintain adequate structure of IT department. Emphasis is given to maintain IT strategy, a forum is maintained for supporting key IT decisions and required documentation is maintained for efficient and effective functioning of information systems.
- information security office has been established, measures have been taken to strengthen security of information systems and underlined policies & procedures have been developed based on the risk assessment performed.
- adequate documentation is maintained for IT department, information systems, information systems management and architecture.
- measures related to service delivery have been taken which includes establishment of helpdesk, implementation of helpdesk application, turnaround time of services, implementation of problem management processes and measures for continuous improvement of information systems & related services.
- adequate measures are in place to review and monitor the IT systems on timely basis, perform periodic assessments, security reviews / compliance, audit from independent individuals and adequate measures have been taken to maintain cybersecurity.
- changes to information systems are subject to a controlled process including formal requests, approvals, authorizations, analysis, development in segregated environments by developers (not involved in administration of systems), testing for Quality Assurance (QA), User Acceptance Testing (UAT) in testing environment, changes to production and logging.
- changes to access are logged, approved and authorized for creation, modification / privilege assignment and revocation of users along with periodic review of users' access rights.
- operating systems, databases, virtual machines, network devices, security devices are configured to restrict access, provide required services and security parameters are configured to maintain confidentiality, integrity and availability of information systems.
- physical access is restricted to prevent unauthorized access to the Exchange data centers and environmental controls facilitate continued operation of information systems.
- backup and restoration procedures are established which include media management, periodic testing and real-time data replication to support the business continuity and recovery from disaster during adverse events.
- in case of defaults, the UFNs are restricted from taking new position in any market.
- trades cannot take place on suspended shares.
- the trades are tagged with relevant clients and that the trades are not processed in excess of buying capacity.
- the trading fee is charged homogeneously, the transactions taking place via trading system cannot be cancelled once processed, the orders cannot be executed / modified / cancelled during the pre-open sessions, previous

day closing prices are utilized when orders are not processed during pre-open sessions and that the tick size will be 1 (one) paisa for orders.

- the trading limits and client exposures are controlled.
- the securities cannot be traded in negative ticks
- Blank sales cannot be made unless marked at the time of order placement and that the blank sale amounts are allowed in a specified threshold.
- the closing price of securities is determined as volume weighted average.
- activity logs of brokers are maintained.

Participant Controls

Achievement of each of the control objectives set out above is also dependent on participants maintaining an effective control environment and implementing controls such as:

- Documenting policies and procedures (including transaction processing procedures, risk management Policies such as conditions and restrictions for system use, good password practices, software copyright, Restrictions and virus protection, licensed Operating System & Anti-virus and its latest patches/updates, firewall, two factor token security and communication link)
- Restricting access to operating systems, applications, databases and underlying records (including role based security mechanisms)
- Documenting cyber security strategy that includes appropriate tools and techniques to prevent, detect,
- Responding to and recover from security incidents
- Transaction processing, monitoring and reporting mechanisms
- Reconciliation of transactions and holdings
- Physical security of system infrastructure
- Provisioning of data backup and restoration and other computer operations, and
- Business continuity and disaster recovery planning.
- Complying with and control compliance with the Exchange's terms and conditions of activities. Information provided by the user entities is in compliance with the contracts for modeling services, as well as with other contractual obligations between the Exchange and the user entities.
- Properly control the process of sending and receiving of messages by electronic communication channels, ensuring appropriate protection of the information and the systems from any unauthorized access or intervention.
- Reporting on services rendered by the Exchange, are reviewed by the user entities in a timely manner. Upon detection of any discrepancies, the User Organizations are expected to duly inform the Exchange to this effect, in written form.
- Understanding and complying with their contractual obligations to the Exchange.
- Changing password.
- Immediately notifying the Exchange of any information security breaches they become aware of.
- Periodically review of access permissions on applications to ensure system access is appropriately restricted.
- Reviewing transactions and communicating inaccuracies or discrepancies to the Exchange in a timely manner.
- Determining the user profiles necessary to support their business processes, including the design of system required functional segregation of duties.
- Establishing policies and procedures for ensuring that good practice in relation to password security is maintained. This should include prohibiting the use of shared user names and passwords, and educating users on their information security related responsibilities;
- Maintaining and communicating changes to user access privileges on their managed systems, including the timely removal of terminated users.

AUDITORS' REPORT ON REGULATORY FUNCTIONS



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Fax: + 92 (21) 3548 5095
Internet: www.kpmg.com.pk

Independent Limited Assurance Report to Pakistan Stock Exchange Limited on the Regulatory Review

Introduction

We were engaged by Pakistan Stock Exchange Limited (the Exchange) in accordance with the requirement of regulation 16(7) of the Securities Exchanges (Licensing and Operations) Regulations, 2016 (the Regulations) to carry out annual regulatory review for the period 1 July 2016 to 30 June 2017 (the review period) in compliance with the applicable statutory and regulatory requirements as stipulated in Para 2 of Annexure III of the Regulations.

Management's Responsibilities

The management of the Exchange is responsible to ensure that the Exchange complies with all applicable statutory and regulatory requirements. The management of the Exchange is also responsible for preventing/detecting fraud and for identifying and ensuring that the Exchange complies with laws and regulations applicable to its activities. The management of the Exchange is also responsible for ensuring that the staff involved in managing the compliance of the applicable statutory requirements are properly trained and systems are properly updated.

Our Independence

We have complied with the Code of Ethics for Professional Accountants issued by International Ethics Standard Board for Accountants, which includes independence and other requirements on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We will apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to carry out procedures to review the Exchange's compliance with the applicable statutory and regulatory requirements and to report thereon in the form of an independent limited assurance conclusion.

We conducted our review in accordance with the International Standard on Assurance Engagement (ISAE 3000) "Assurance Engagements other than audits or reviews of historical financial information". This standard requires that we comply with independence requirements and plan and perform our procedures to obtain limited assurance. A limited assurance engagement includes examining, on a test basis, evidence supporting the compliance with and disclosure of the applicable statutory and regulatory requirements. The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance of the applicable statutory and regulatory requirements due to omissions, misrepresentation and errors. In making these risk assessments, we considered internal controls relevant to regulatory function of the Exchange for design, implementation and monitoring of the applicable regulatory requirements in order to design appropriate assurance procedures, but not for the purpose of expressing a conclusion on the effectiveness of the Exchange's internal control systems.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

This review is not limited primarily to enquiries of employees and review of minutes of meetings but also includes inspection of records, and other evidence gathering procedures, as appropriate.

Page 1 of 2

KPMG Taseer Haddi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

In particular we carried out the following review procedures:

- Performed enquiry, walkthroughs and test of controls on sample basis to ensure existence of and compliance with Pakistan Stock Exchange Limited Regulations, 2016 (the Rule Book) relating to all major activities/procedures;
- Performed procedures to ensure systems and related functions operate in compliance with the requirements stipulated in the Rule Book as approved by the Securities and Exchange Commission of Pakistan (SECP, the Commission);
- Performed procedures to identify deviations/ weaknesses and non-compliance of relevant regulatory frameworks, Articles and Memorandum of Association and directives issued by the Commission; and
- Reviewed policies and procedures to ensure that policies and procedures are formulated to identify and prevent conflict of interest of directors with the interest of capital market, investors and the Exchange.

Inherent limitations

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the selected information and the methods used for determining and ascertaining such information. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. Furthermore, the nature and methods used to determine such information, as well the evaluation criteria and the precision thereof, may change over time.

Conclusion

Based on the procedures performed as mentioned in "Our Responsibilities" and evidence obtained, nothing has come to our attention that causes us to believe that the Exchange is not in compliance, with applicable statutory and regulatory requirements during the review period, in all material respects.

Emphasis of Matter

Without qualifying our conclusion and as more fully explained in our cover letter to this report, we draw attention of the Board of Directors of the Exchange to the following matters:

Section 11(3) (b) of the Regulations requires the Chief Regulatory Officer, being the head of the Regulatory Affairs Division (RAD) of the Exchange, to develop, implement and monitor compliance policies and procedures to cover all aspects relating to regulatory, operational and statutory obligations of the Exchange. We noted that presently there is no dedicated function or wing in the Exchange assigned with the responsibility to ensure organisation-wide compliance with the applicable operational and statutory requirements besides respective functions carrying out compliance activities on need basis. Further, we did not observe any documented compliance framework to facilitate such compliance activities.

The Exchange has not developed procedures and controls for identification and prevention of conflict of interest of directors with the interest of capital market, investors and the exchange as required by annexure III para 2(iv) of the Regulations.

Other Matters

The companies Act, 2017 was made effective on 31 May 2017. As substantial part of the period under review was governed by the Companies Ordinance, 1984 (the Ordinance) we performed our review under the Ordinance only. Similarly, the Exchange was self-listed on 29 June 2017 and as a result laws and statutes as applicable to listed companies became applicable to the Exchange and we have not considered any related impact of listing on the regulatory environment of the Exchange.

Date: 28 August 2017
Karachi



KPMG Taxer Haddi & Co.
Chartered Accountants
Partner : Rana Nadim Akhtar



PS

PHOTO

The logo features the letters 'SX' in a large, bold, dark green font. Below them, the word 'GALLERY' is written in a bold, yellow font. To the right of 'GALLERY' is a stylized graphic element consisting of two overlapping rectangular shapes, one green and one yellow. The background is light gray with faint, larger-scale versions of the 'SX' logo and a large, thin, light-colored arc.

SX GALLERY

Photo Gallery



Divestment - Bidding Ceremony



EOGM



Ceremony to mark the Self - Listing of PSX



Haj Balloting



Visit of IBA students

Photo Gallery



Farewell of formal MD PSX, Mr. Nadeem Naqvi



MoU Signing Ceremony between PSX & PITB



PSX and McKinsey join hands to arrange the Organizational Health Index Workshop



PSX hosts the Top 25 Companies Award

Photo Gallery



Visit of UAE Dignataries



Visit of UK Delegation



Visit of Australian Delegation



Visit of Bloomberg Delegation



Visit of CEO of ACCA



Visit of CEO, BDO



Visit of Chairman SECP

Photo Gallery



Visit of Financial Times personnel



Visit of Deputy Mayor of Karachi



Visit of Chinese Delegation



Visit of personnel from Command & Staff College



Photo Gallery



Visit of EFG Hermes



Visit of Italian Delegation



Visit of Governor Sindh



Visit of KU students



Visit of Lord Mayor of London



Photo Gallery



International Seminar on Front - Line Regulation by Stock Exchanges



Visit of Bank of America's MD



Visit of US Counsul General, Ms. Grace Shelton

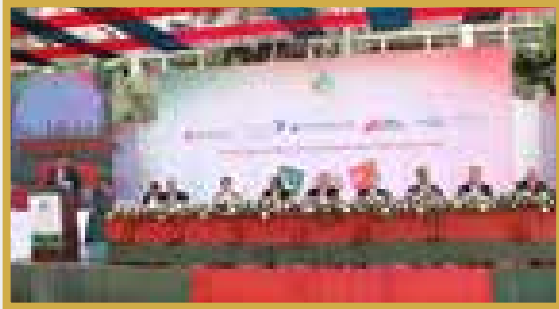


Chinese Delegation interacting with PSX Staff



PSX and Women on Board (WOB) collaborate to celebrate gender diversity on the Boards of listed companies

SPA Signing Ceremony



Equity Listing



Gong Ceremony to mark the listing of Loads Limited



Gong Ceremony to mark the listing of GSK Consumer Healthcare Pakistan Limited



Gong Ceremony to mark the listing of Roshan Packages



Ceremony to mark the listing of Pakistan Stock Exchange



FORM OF PROXY



FORM OF PROXY

70th Annual General Meeting

I/We, _____ of _____, holding Computerized National Identity Card No. _____ and being a member of Pakistan Stock Exchange Limited, hereby appoint _____ of _____, holding Computerized National Identity Card No. _____ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on 24th day of October, 2017 and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____, 2017

WITNESSES:

1. Signature _____

Name _____

Address _____

CNIC No. _____

CDC Account No. _____

1. Signature _____

Name _____

Address _____

CNIC No. _____

Revenue Stamp of Rs.5/-

To be signed by above-named shareholder

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of CNIC of the appointer and the proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his original CNIC at the time of the meeting.
5. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.

کارپوریٹ سماجی ذمے داریاں:

ایک قومی انسٹی ٹیوشن اور ذمے دار کارپوریٹ شہری کی حیثیت سے پاکستان اسٹاک ایکس چینج اس بات کا قوی ادراک رکھتی ہے کہ سوسائٹی کے لیے کام کرنا اس کی ذمے داریوں میں شامل ہے، اس سلسلے میں پی ایس ایکس نے کارپوریٹ سماجی ذمے داری (سی ایس آر) کے لیے ایک پالیسی وضع کر رکھی ہے جس کے تحت کمپنی کے قبل از ٹیکس منافع کا 2 فیصد حصہ اس طرح کی سرگرمیوں کے لیے وقف کیا جاتا ہے۔

زیرجائزہ سال کے دوران عطیہ کرنے کی مد میں کوئی رقم منظور نہیں کی گئی، تاہم پالیسی کے مطابق اس مد میں موجود غیر استعمال شدہ رقم کو آئندہ سال کے دوران استعمال کرنے کے لیے فارورڈ کر دیا گیا ہے۔

اعتراف:

بورڈ، پی ایس ایکس کے تمام ٹی آر ای سی ہولڈرز اور دیگر اسٹیک ہولڈرز کی جانب سے پی ایس ایکس اور کیپیٹل مارکیٹ کی مسلسل معاونت اور مدد کے لیے ان کا شکر گزار ہے، بورڈ، سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فیڈرل بورڈ کارپوریٹ اور وزارت خزانہ، ریونیو و اکٹماک افیئرز، حکومت پاکستان کا بھی شکر گزار ہے کہ یہ ادارے ہر مرحلے پر پی ایس ایکس کو سرگرم مدد اور رہنمائی فراہم کرتے رہے۔

مزید برآں، بورڈ تمام کمیٹی ممبران کا بھی شکر گزار ہے۔ بورڈ، پی ایس ایکس کے تمام شعبوں بشمول آئی ٹی، آپریشنز اور مارکیٹنگ / برانڈنگ کے اسٹاف ممبران کی کارکردگی کا بھی اعتراف کرتے ہوئے ان کی خدمات کو سراہتا ہے جو اپنے اہداف کو حاصل کرنے کے لیے پوری ذمے داری کے ساتھ ادا کرتے رہے بالخصوص ایکس چینج کے انٹیگریشن پراسس کے مرحلے کی بغیر رکاوٹ تکمیل میں ان کی کارکردگی قابل تعریف ہے۔

منجانب بورڈ آف ڈائریکٹرز

ہارون عسکری
مینجنگ ڈائریکٹر

منیر کمال
چیئر مین

کراچی

مورخہ 28 اگست 2017

کاروباری نظم و نسق کی خلاف ورزی کے حوالے سے کسی قسم کی کوئی رپورٹ موصول نہیں ہوئی۔
گزشتہ سال کے آپریٹنگ نتائج کے مقابلے میں کمی بیشی، مستقبل کے منصوبوں اور تبدیلیوں اگر کوئی ہوں کوڈائریکٹرز کی اس رپورٹ میں علیحدہ سے مناسب طور پر شامل کیا گیا ہے۔

پی ایس ایکس کے ملازمین کی گریجویٹ فنڈ کی سرمایہ کاری کی مالیت 153.963 ملین روپے ہے جو غیر آڈٹ شدہ کھاتوں برائے سال 30 جون 2017 کی بنیاد پر ہے۔

گزشتہ چھ سال کا اہم آپریٹنگ اور مالیاتی ڈیٹا اس رپورٹ میں شامل کیا گیا ہے۔
حصص کی تقسیم کا خاکہ اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

ڈائریکٹرز کی تربیتی پروگرامات میں شرکت:

سال کے دوران مطلوبہ کوڈ آف کارپوریٹ گورننس پر عمل کے لیے تسلیم شدہ اداروں کی جانب سے کرائے جانے والے ڈائریکٹرز ٹریننگ پروگرامات میں مندرجہ ذیل ڈائریکٹرز نے شرکت کی اور متعلقہ سند حاصل کی:

ڈائریکٹر کا نام	ادارہ کا نام
جناب سمیر احمد جناب احمد چنائے	لاہور یونیورسٹی آف مینجمنٹ سائنسز پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس

انٹرنل کنٹرول موزوں:

انٹرنل کنٹرول اور پالیسیوں کو اس انداز سے ڈیزائن کیا جاتا ہے جو ایکس چینج کے آپریشنز، فنانشل معلومات پر یقین قابل نفاذ قانون اور ریگولیشنز کی استعداد اور کارکردگی کو یقینی بناتا ہے، مینجمنٹ کی جانب سے رسک کے اندازے لگانے، کنٹرول کی نشاندہی، اہم پالیسیوں / طریقہ کار کا جائزہ لینے اور متعلقہ کنٹرول کے طریقہ کار اور مانیٹرنگ سسٹم کے ذریعے ایک موثر اور مستعد انٹرنل کنٹرول سسٹم کو یقینی بنایا جاتا ہے، انٹرنل کنٹرول سسٹم کو اس انداز سے وضع کیا گیا ہے جس کے ذریعے شیئر ہولڈرز اور بورڈ آف ڈائریکٹرز کو مناسب یقین دہانی کرائی جاسکے۔ مینجمنٹ کا خیال ہے کہ موجودہ انٹرنل کنٹرول سسٹم کافی ہے اور اس کو موثر طریقے سے مانیٹر کیا جا رہا ہے اور اس پر عملدرآمد کیا جا رہا ہے۔

موزوں انٹرنل کنٹرول کے سلسلے میں ڈائریکٹرز کی ذمہ داری:

بورڈ آف ڈائریکٹرز کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ ایک مضبوط انٹرنل کنٹرول قائم ہو جس پر مستعدی کے ساتھ عملدرآمد کرایا جا رہا ہے اور کمپنی کے اندر ہر سطح پر برقرار رکھا جا رہا ہے۔

مزید برآں، بورڈ کی جانب سے قائم کردہ اور بورڈ کو رپورٹ کرنے والی آڈٹ کمیٹی کو دیگر معاملات کے علاوہ اس بات کا بھی استحقاق حاصل ہے کہ وہ فنانشل اور آپریشنل کنٹرولز، آمدنی اور اخراجات کا مناسب اور بروقت ریکارڈ بنانے، وصولیوں اور ادائیگیوں کے علاوہ اثاثہ جات، ذمہ داریوں کے ساتھ رپورٹنگ اسٹرکچر کے لیے موثر اور جامع انٹرنل کنٹرول سسٹم کو یقینی بنائے۔

ماحولیاتی اثرات:

کمپنی کے کاروبار کی وجہ سے انوائمنٹ پر کوئی منفی اثر نہیں ہوتا ہے۔

کمیٹی ممبران کے نام		یکم جولائی 2016 سے 09 مارچ 2017		10 مارچ 2017 سے 30 جون 2017	
		منعقدہ اجلاس		اجلاس میں شرکت	
جناب منیر کمال	01	01	03	03	
جناب توفیق اے حسین	01	01	03	03	
جناب معین ایم فدا	01	01	03	03	
جناب عبدالمجید آدم	01	01			
جناب عابد علی حبیب	01	01			
جناب احمد چنائے	01	01			
جناب لی پینگ			03	03	

آڈیٹرز:

ای وائی فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس نے اپنی مدت پوری کی اور ریٹائر ہو گئے، تاہم اہل ہونے کی بنیاد پر انہوں نے اپنی دوبارہ تقرری کی پیش کش کی، آڈٹ کمیٹی کی سفارشات کی روشنی میں بورڈ نے 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے ای وائی فورڈ روڈز چارٹرڈ اکاؤنٹنٹس کی پی ایس ایکس کے آڈیٹرز کی حیثیت سے دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ گورننس:

بورڈ آف ڈائریکٹرز اور کمیٹی بہترین کاروباری انتظامی طریقہ کار پر عمل پیرا ہونے کیلئے پرعزم ہونے کے ساتھ ساتھ شفاف اور اعلانیہ طور پر اپنے فرائض کی انجام دہی کے لیے زور دے رہے ہیں۔ بورڈ اور انتظامیہ اپنی ذمہ داریوں سے آگاہ ہیں اور کیپٹل مارکیٹ کے آپریشنز کی مالیاتی اور غیر مالیاتی معلومات کی صحت کی درستی، جامعیت اور شفافیت کے لیے نگرانی کا عمل انجام دے رہے ہیں۔

بورڈ یہ آگاہ کرتے ہوئے خوشی محسوس کرتا ہے کہ پی ایس ایکس رضا کارانہ طور پر ضابطہ برائے کاروباری نظم و نسق پر عمل پیرا ہو کر ضابطہ کے مطابق بہترین کاروباری طریقہ کار کی مکمل طور پر تعمیل کر رہا ہے جس کی وضاحت منسلک تعمیل کی اسٹیٹمنٹ میں بیان میں کی گئی ہے۔ اس کی روشنی میں مندرجہ ذیل اسٹیٹمنٹ دی جا رہی ہیں۔

کمیٹی کے کھاتوں کا مناسب حساب کتاب رکھا گیا ہے۔

انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کے معاملات، آپریشنز کے نتائج اور نقدی کے بہاؤ کی درست تصویر پیش کرتی ہے۔

مالیاتی اسٹیٹمنٹ کی تیاری کے لیے مناسب اکاؤنٹنگ کی پالیسیوں پر پابندی سے عمل کیا گیا ہے جو کہ عالمی مالیاتی رپورٹنگ کے معیارات جیسے کہ پاکستان میں نافذ ہیں سے ہم آہنگ ہیں۔

مالیاتی تخمینے، جہاں ضرورت ہے، مناسب اور دانشمندانہ فراست کے ساتھ لگائے جاتے ہیں۔

اندرونی کنٹرول کا مربوط اور مستحکم نظام موجود ہے جسے انتظامیہ کی طرف سے موثر طور پر نافذ کیا گیا ہے۔ یہ نظام اندرونی اور بیرونی آڈیٹرز، بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کی نگرانی میں کام کر رہا ہے۔ بورڈ آڈٹ کمیٹی کے ذریعے اندرونی کنٹرول کے موثر ہونے کا جائزہ لیتا ہے اور جہاں بہتری کی ضرورت محسوس ہوتی ہے وہاں تجاویز دی جاتی ہیں۔

کمیٹی کے تسلسل کے بارے میں کسی قسم کے کوئی شبہات نہیں ہیں۔

بورڈ کی کمیٹیاں:

ایس ای سی پی کے منظور کردہ "سیکرٹیشن آف کمرشل اینڈ ریگولیٹری فنکشنز آف اسٹاک ایکس چینج" پلان اور کوڈ آف کارپوریٹ گورننس (سی سی جی) کے مطابق اور ایکس چینج کے بحیثیت فرنٹ لائن ریگولیٹر اور کمرشل ادارہ ہونے کی خصوصی ضروریات کو پورا کرنے کے لیے بورڈ نے متعدد کمیٹیاں قائم کی ہیں جن میں اہم کمیٹیوں میں ریگولیٹری افیئرز کمیٹی، نو مینیشن کمیٹی، آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی شامل ہیں، ایس ای سی پی کی ہدایت کے مطابق ان کمیٹیوں کی تنظیم نو کی گئی تھی جس کے تحت ٹی آر ای سی ہولڈرز / بروکرز کی نمائندگی کرنے والے ڈائریکٹرز کی نمائندگی ختم کی گئی ہے۔

سال کے دوران نو مینیشن کمیٹی کا کوئی اجلاس نہیں ہوسکا ہے جبکہ دیگر تین کمیٹیوں کے اجلاسوں میں ممبران کی حاضری کا خاکہ مندرجہ ذیل ہے:-

ریگولیٹری افیئرز کمیٹی:

کمیٹی ممبران کے نام	یکم جولائی 2016 سے 30 جون 2017	
	کے دوران ہونے والے اجلاس	
جناب توفیق اے حسین (چیرمین)	15	15
جناب معین ایم فدا	15	15
محترمہ راحت کونین حسن	15	14
جناب محمد نعیم	15	15

آڈٹ کمیٹی:

کمیٹی ممبران کے نام	یکم جولائی 2016 سے 09 مارچ 2017		10 مارچ 2017 سے 30 جون 2017	
	منعقدہ اجلاس		منعقدہ اجلاس	
جناب محمد نعیم (چیرمین)	05	05	01	01
جناب معین ایم فدا	05	05	01	01
جناب عبدالجید آدم	05	03		
جناب محمد یاسین لاکھانی	05	05		
جناب عابد علی حبیب	05	05		
جناب احمد چنائے	05	05		
جناب سمیر احمد			01	01
جناب جی بو			0	01

اس کے مطابق پی ایس ایکس کے موجودہ بورڈ آف ڈائریکٹرز میں مندرجہ ذیل ڈائریکٹرز ہیں:-

ایس ای سی پی کی جانب سے نامزد کردہ ڈائریکٹرز

1- جناب منیر کمال (چیئر مین) 2- جناب معین ایم فدا

غیر جانبدار ڈائریکٹرز:

1- جناب سمیر احمد 2- محترمہ راحت کونین حسن
3- جناب توفیق اے حسین 4- جناب محمد نعیم

شیئر ہولڈر ڈائریکٹرز:

1- جناب جی بو 2- جناب احمد چنائے
3- جناب عابد علی حبیب 4- مس یوہوالی
5- جناب لی پینگ 6- جناب زینگ روئنگ

قائم مقام بیجنگ ڈائریکٹر

1- جناب ہارون عسکری

بورڈ نے سبکدوش ہونے والے ڈائریکٹرز کی خدمات کو سراہا بالخصوص پی ایس ایکس کے حصص کی فروخت اور ایکس چینج کے حصص کی فروخت کے لیے آفر کے مرحلے کے دوران ان کی خدمات اور کردار کو سراہا گیا۔

30 جون 2017 کو ختم ہونے والے مالی سال کے دوران بورڈ کے 12 اجلاس ہوئے جن میں سے 08 اجلاس طے شدہ تھے جبکہ بقیہ 04 اجلاس خصوصی طور پر بلائے گئے تھے، ان اجلاسوں میں ڈائریکٹرز کی حاضری کا خاکہ مندرجہ ذیل ہے:

ڈائریکٹر کا نام	یکم جولائی 2016 سے 09 مارچ 2017 تک		10 مارچ 2017 سے 30 جون 2017	
	اجلاس کی تعداد		شریک اجلاسوں کی تعداد	
جناب منیر کمال	10	09	02	02
جناب ندیم نقوی *	10	09	02	02
جناب عبدالحمید آدم	10	10	02	02
جناب سمیر احمد	10	08	02	02
جناب جی بو			02	01
جناب احمد چنائے	10	10	02	02
جناب معین ایم فدا	10	10	02	02
جناب عابد علی حبیب	10	10	02	02
محترمہ راحت کونین حسن	10	09	02	02
جناب زینگ روئنگ			02	01
مس یوہوالی			02	02
جناب توفیق اے حسین	10	10	02	02
جناب محمد یاسین لاکھانی *	10	10	02	02
جناب محمد نعیم	10	10	02	02
جناب لی پینگ			02	02

* سال کے اختتام سے پہلے ڈائریکٹر کی حیثیت سے سبکدوش ہوئے۔

جو ڈائریکٹرز بورڈ کے کچھ اجلاسوں میں شریک نہ ہو سکے تھے ان کی رخصت کو منظور کر لیا گیا تھا۔

* پی ایس ایکس کے پاس پی ایم ای ایکس کے 10 روپے مالیت کے 8,909,052 حصص ہیں (2016 میں بھی 8,909,052 حصص تھے) اس میں 10 روپے مالیت کے 5,272,704 حصص بھی شامل ہیں جو پی ایس ایکس نے سال 2014-15 میں رائٹ آفر کے تحت خریدے تھے، سال 2015-16 کے دوران نیشنل بینک آف پاکستان (این بی پی) اور پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ (پاک برونائی) کے پاس موجود پی ایم ای ایکس کے 10 روپے مالیت کے 2.8 ملین کنورٹبل پریفرنس حصص کو عام حصص میں تبدیل کیا گیا۔ مزید برآں، نیشنل بینک نے پریفرنس حصص پر ڈیویڈنڈ کو عام حصص میں تبدیل کیا جبکہ پاک برونائی انویسٹمنٹ کمپنی نے مندرجہ بالا بیان کردہ رائٹ شیئرز میں فروخت نہ ہونے والے رائٹ شیئرز میں سے 0.63 ملین حصص لے لیے۔ اس طرح پی ایس ایکس کی پی ایم ای ایکس میں شیئر ہولڈنگ 32.32 فیصد سے کم ہو کر 28.41 فیصد رہ گئی، اب بھی پی ایم ای ایکس کی رائٹ آفر میں سے 15,844,838 حصص فروخت کیے بغیر موجود ہیں جن کی پی ایس ایکس کو پیشکش کی گئی ہے جس پر پی ایس ایکس کا بورڈ غور کر رہا ہے تاہم اس کے لیے شیئر ہولڈرز کی منظوری لی جائے گی۔ یہ حصص خرید لینے کی صورت میں پی ایم ای ایکس میں پی ایس ایکس کی شیئر ہولڈنگ بڑھ کر 52.44 فی صد ہو جائے گی۔

30 جون 2017 کو ختم ہونے والے سال کے لیے پی ایم ای ایکس کی غیر آڈٹ شدہ مالی رپورٹ کے مطابق اس سال کے دوران جامع خسارہ 15.239 ملین روپے ہے (30 جون 2016: منافع 29.652 ملین روپے) اور 30 جون 2017 تک جمع شدہ خسارہ 415.294 ملین روپے ہے (30 جون 2016: 400.056 ملین روپے)۔ 30 جون 2017 کو ختم ہونے والے سال کے پی ایم ای ایکس کے غیر آڈٹ شدہ اکاؤنٹس کے مطابق پی ایم ای ایکس میں 10 روپے کے ہر عام حصص کی بریک اپ ویلیو منفی 2.53 روپے ہے (2016: منفی 2.07 روپے)۔ پی ایم ای ایکس میں سرمایہ کاری کی اصل لاگت 94.82 ملین روپے ہے۔

سال کے دوران 30 جون 2017 کو ختم ہونے والے سال کے لیے سی ڈی سی کی جانب سے 3.077 فیصد کے حساب سے نقد منافع (2016: 32.5 فیصد) اور 53.846 فیصد کے حساب سے نوٹس شیئر (2016: صفر) اور این سی سی پی ایل کی جانب سے 19 فیصد کے حساب سے نقد منافع (2016: 90 فیصد) کا اعلان کیا گیا جو پی ایس ایکس کو موصول ہو گیا۔

بورڈ آف ڈائریکٹرز:

اسٹاک ایکس چینجر (کارپوریٹائزیشن، ڈی میوچلرائزیشن اینڈ انٹی گریشن) ایکٹ، 2012 کے مطابق پی ایس ایکس کا بورڈ آف ڈائریکٹرز ایس ای سی پی کی جانب سے نامزد کردہ 6 ڈائریکٹرز، ٹی آر ای سی ہولڈرز کی نمائندگی کے لیے 4 منتخب ڈائریکٹرز اور مینجنگ ڈائریکٹر پر مشتمل ہوتا ہے۔ سال کے دوران اس میں تبدیلی لائی گئی اور ایس ای سی پی کی جانب سے نامزد کردہ چار ڈائریکٹرز بشمول جناب سمیر احمد، محترمہ راحت کونین حسن، جناب توفیق اے حسین اور محمد نعیم کو تبدیل کرتے ہوئے ان کی جگہ پر ایس ای سی پی کی جانب سے کوآپشن کی ہدایت کے مطابق چائنا کے کنسورشیم کے چار ڈائریکٹرز بشمول جناب زینگ ہو، جناب جی بو، محترمہ میوہولی اور جناب لی پینگ کو بطور ڈائریکٹر نامزد کیا گیا۔ اس کے ساتھ ہی، بورڈ کی درخواست پر بورڈ سے فارغ کیے جانے والے چار ڈائریکٹرز کو سیکیورٹیز ایکس چینجر (لائسنسنگ اینڈ آپریشنز) ریگولیشنز، 2017 کے مطابق ایس ای سی پی کی جانب سے آزاد ڈائریکٹرز کی حیثیت سے پی ایس ایکس کے بورڈ آف ڈائریکٹرز میں دوبارہ ڈائریکٹرز کو نامزد کر دیا گیا۔

مزید برآں، سال کے دوران پی ایس ایکس کے مینجنگ ڈائریکٹر کی حیثیت سے جناب ندیم نقوی کی تقرری کی دوسری مدت یکم مئی 2017 کو ختم ہو گئی، تاہم بورڈ اور ایس ای سی پی کی منظوری کے ساتھ ان کی تقرری کی مدت میں 15 جون 2017 تک توسیع کر دی گئی، اس طرح جناب ندیم نقوی کی تقرری کی توسیع شدہ مدت ختم ہونے پر بورڈ نے ایس ای سی پی کی منظوری سے جناب ہارون عسکری کو 31 جولائی 2017 تک پی ایس ایکس کا قائم مقام مینجنگ ڈائریکٹر مقرر کر دیا بعد ازاں اس مدت میں 30 ستمبر 2017 یا نئے مینجنگ ڈائریکٹر کی تقرری (جو بھی پہلے ہو جائے) تک کی توسیع کر دی گئی۔

مزید برآں، پی ایس ایکس کی لسٹنگ پر کمپنیز ایکٹ 2017 کی شق (k) 153 کے مطابق پی ایس ایکس کے کارپوریٹ ٹی آر ای سی ہولڈرز جناب محمد یاسین لاکھانی، سی ای او لاکھانی سیکیورٹیز (پرائیویٹ) لمیٹڈ کو پی ایس ایکس کی ڈائریکٹر شپ سے سبکدوش کر دیا گیا۔ علاوہ ازیں مزید ایک ڈائریکٹر جناب عبدالجبار آدم سال کے اختتام کے قریب بورڈ سے مستعفی ہو گئے۔ چنانچہ بورڈ آف ڈائریکٹرز، بورڈ میں خالی ہونے والی ان آسامیوں کو پر کرنے کے لیے اہل افراد کی تحشیت ڈائریکٹر تقرری کرنے کے مرحلے سے گزر رہا ہے۔ سال کے اختتام کے قریب ہی پاکستان اور چین کی ریگولیٹری اتھارٹیز کی منظوری سے چائنا فنانشل فیوچر ایکس چینج لمیٹڈ کی جانب سے پی ایس ایکس کے بورڈ میں نامزد کردہ ڈائریکٹر جناب زینگ ہو کو تبدیل کرتے ہوئے ان کی جگہ پر جناب زینگ روگ کو تحشیت ڈائریکٹر نامزد کر دیا گیا ہے۔

اس کے مطابق پی ایس ایکس کے 40 فی صد حصص کنسورشیم ممبران کے اکاؤنٹس میں مقررہ شرح کے مطابق ٹرانسفر کر دیے گئے، جس کی 90 فی صد وصول شدہ رقم (10 فی صد رقم کو ایک سال کے لیے ایک علیحدہ اکاؤنٹ میں رکھی گئی) کو فروخت کنندہ شیئرز ہولڈرز کے درمیان مساوی شرح سے تقسیم کر دیا گیا، مزید برآں ایس ای سی پی کی ہدایات کے مطابق پی ایس ایکس کے بورڈ میں ایس ای سی پی کے چار نامزد ڈائریکٹرز کو تبدیل کر کے ان کی جگہ پر کنسورشیم کے نامزد کردہ چار ڈائریکٹرز کو 10 مارچ 2017 سے شامل کر لیا گیا۔

پی ایس ایکس کے شیئرز کی آفر فارسیل اور اس کی سیلف لسٹنگ:

پی ایس ایکس کے 40 فی صد حصص کی فروخت کے مرحلے کے تکمیل کے بعد ایس ای سی پی کی جانب سے اسٹاک ایکس چینجر (کارپوریٹائزیشن، ڈی میوچلائزیشن اینڈ انٹیکریشن) ریگولیشنز، 2012 میں مزید ریگولیشنز متعارف کرائے گئے جو پی ایس ایکس شیئرز کی آفر فارسیلز اور اس کی سیلف لسٹنگ سے متعلق تھے، مزید یہ کہ آفر فارسیلز کو پبلک آفرنگ ریگولیشنز، 2017 میں دی گئی ہدایات کے مطابق پایہ تکمیل تک پہنچانا تھا، سب سے پہلے یہ شیئرز اہل سرمایہ کاروں کو بک بلڈنگ کے طریقہ کار کے مطابق 28 روپے فی حصص کی اسٹرائیک پرائس پر آفر کیے گئے اور اس کے بعد اسی قیمت پر عام لوگوں کی خریداری کے لیے پیش کیے گئے۔

پی ایس ایکس کے 160,295,320 حصص، جو پی ایس ایکس کے مجموعی ادا شدہ شیئر کمپیوٹل 20 فی صد بنتے ہیں، کی آفر فارسیلز کا مرحلہ خوش اسلوبی سے طے کر لیا گیا جس کے بعد پی ایس ایکس کے شیئرز کی سیلف لسٹنگ کی گئی جس کے لیے 29 جون 2017 کی ٹائم لائن دی گئی جو ایک بڑا چیلنج تھا۔

پبلک آفرنگ ریگولیشنز، 2017 کے مطابق، یہ شیئرز فروخت کرنے والے (اولین) پی ایس ایکس کے شیئر ہولڈرز / اسپانسرز کے پاس یہ شیئرز پبلک کی جانب سے خریداری کی تاریخ سے لے کر ایک سال کے عرصے کے لیے بلاک رہیں گے جس کے بعد ان شیئر ہولڈرز کے لیے ضروری ہوگا کہ وہ ان شیئرز کا کم از کم 25 فی صد حصہ آئندہ تین سال کے لیے اپنے پاس برقرار رکھیں۔

قومی خزانے میں شراکت:

کمپیوٹل مارکیٹ قومی خزانے میں سب سے زیادہ کٹری بیوشن دینے والوں میں شامل ہے، مالی سال 2017 کے دوران کمپنی نے ٹی آر ای سی ہولڈرز سے سیکورٹیز مارکیٹ ٹرانزیکشنز کی مدد میں ٹیکس وصول کیے اور ان ٹیکسز کی مدد میں مجموعی طور پر 2,467.60 ملین روپے قومی خزانے میں جمع کرائے۔ (مالی سال 2016 میں 960.25 ملین روپے)۔

ایسوسی ایٹ اور دیگر کمپنیوں میں سرمایہ کاری:

اس وقت کمپنی نے مندرجہ ذیل ایسوسی ایٹ اور دیگر کمپنیوں میں سرمایہ کاری کر رکھی ہے:

کمپنی کا نام	سرمایہ کاری کی رقم (ملین روپے)	فیصد شیئر ہولڈنگ	اکاؤنٹس میں ظاہر شدہ (ملین روپے)
ایسوسی ایٹس سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی)	398.08	39.81	1,345.12
نیشنل کلیئرنگ کمپنی آف پاکستان لمیٹڈ (این سی سی ایل)	328.82	47.06	640.22
دیگر جی آر وی آئی ایس کریڈٹ ریننگ پاکستان مرکٹائل ایکسچینج لمیٹڈ (پی ایم ای ایکس)*	2.50	12.50	2.50
	94.82	28.41	74.82

ای 100 انڈیکس 43899 پوائنٹس تک کم ہو گیا ہے۔ سرمایہ کار محتاط ہیں اور یومیہ اوسط ٹرن اوور 25 اگست 2017 کو 30 جون 2017 کے 418 ملین حصص کے مقابلے میں 256 ملین حصص ریکارڈ کیا گیا۔

کے ایس ای 100 انڈیکس میں تیزی مقامی نقدی رقم کی فراہمی کے باعث ہوئی تھی اور میوچل فنڈز 575.8 ملین ڈالر کے ساتھ سب سے بڑے خریدار کے طور پر سامنے آئے جس کے بعد انشورنس 220 ملین ڈالر، اور کمپنیاں 127.2 ملین ڈالر کی خریداری کے ساتھ سرے فہرست رہیں۔ مقامی خریداری کے باعث غیر ملکی سرمایہ کاروں کی جانب سے 652.1 ملین ڈالر کی فروخت کی تلافی کی گئی۔ مارکیٹ میں تیزی نمودار تو انانٹی کے شعبے، سینٹ اور آٹوموبائل کے شعبے کے سہ ماہی حوصلہ افزا نتائج کے باعث آئی۔

مستقبل میں ہم توقع کرتے ہیں کہ مارکیٹ اپنی تیزی کو برقرار رکھے گی کیونکہ ملٹی پل اور ڈیویڈنڈ کی مد میں کے ایس ای 100 انڈیکس ہنوز دیگر ایمرجنگ مارکیٹ کے مقابلے میں کم سطح پر ہے۔ سی پیک اب ایک حقیقت ہے اور توقع ہے کہ انفراسٹرکچر منصوبوں کی مد میں بڑے پیمانے پر سرمایہ کاری کی جائے گی، خاص طور پر سڑکوں کے نیٹ ورک اور توانائی کے منصوبوں میں، جو پاکستان کی اسٹاک مارکیٹ کے لیے مفید ثابت ہوگی۔

رجحانات اور عوامل جو مستقبل میں کمپنیوں کی کاروبار، ترقی، کارکردگی اور حیثیت کو متاثر کر سکتے ہیں

مالی سال 2016-17 میں پی ایس ایکس نے ایکس چینج کی معاونت کے لیے McKinsey & Company کی درج ذیل امور کے لیے خدمات حاصل کیں۔

• سرمایہ کاروں میں توسیع

• لسٹڈ سیکورٹیز کے پول میں اضافہ

• مصنوعات اور اثاثوں میں توسیع اور،

• آمدنی کے متنوع ذرائع میں کے لیے مصنوعات اور خدمات کی فراہمی

پہلے مرحلے میں وہ ایک تین سالہ بزنس پلان اور روڈ میپ ترتیب دیں گے جو ایس ای سی پی میں جمع کرایا جائے گا۔ ان کا بزنس پلان نئے اثاثہ جات کی درجہ بندی، سرمایہ کاروں، ایسٹورز اور مختلف آمدنی کے ذرائع متعارف کرانے کے لیے مواقع کی نشاندہی کا احاطہ کرتا ہے۔

دوسرے مرحلے میں وہ پی ایس ایکس کی ٹرانسفارمیشن آفس کے ذریعے معاونت، کاسٹ اور ڈیٹا مینیجمنٹ کے اقدامات کی تعمیل اور تنظیمی تبدیلی کے لیے معاونت کریں گے۔

پی ایس ایکس کی McKinsey کے ساتھ معاونت سے اسٹاک ایکس چینج کے مستقبل میں محاصل اور منافع میں اضافے اور اس کی ترقی و توسیع میں مدد ملے گی۔

فروخت (ڈائنامیسم)

اسٹاک ایکس چینج میں متعارف کردہ ضوابط (کارپورائزیشن، ڈی میوچلائزیشن، اور انٹی گریشن) ضوابط 2012 کے تحت ایس ای سی پی کی جانب سے تشکیل کردہ ڈائنامیسم کمیٹی نے پی ایس ایکس کے حصص کی فروخت کے لیے بھرپور اقدامات کیے اور مقررہ وقت میں تمام ضروری کارروائی مکمل کی۔

جیسا کہ گزشتہ سالانہ اور ششماہی رپورٹس میں بتایا گیا ہے، پی ایس ایکس کے 40 فیصد حصص کی خریداری کیلئے متعدد اظہار دلچسپی موصول ہوئے اور مربوط جائزے کے بعد متوقع اہل بولی کنندگان کی جانب سے جمع کرائی گئی بولیاں 22 اگست 2016 کو کھولی گئیں جس کے نتیجے میں تین چینی ایکس چینج پر مشتمل کنسورٹیم جس میں چائنا فنانشل فیوچرز ایکسچینج لمیٹڈ، شنگائی اسٹاک ایکس چینج، شینون اسٹاک ایکسچینج اور مقامی پاک چائینا انوسٹمنٹ کمپنی اور حبیب بینک لمیٹڈ شامل ہیں جو 40 فیصد حصص حاصل کرنے میں کامیاب ہوئے۔ اس کے بعد 27 اگست 2017 کو کمیٹی، پی ایس ایکس اور کنسورٹیم نے شیئر پرچیز ایگریمنٹ پر دستخط کیے۔

معاهدے کے تحت متعلقہ فریقین کو 10 مارچ 2017 کے اختتام تک کچھ اقدامات کرنے تھے۔ پی ایس ایکس نے اپنے شیئر ہولڈرز سے 6 فروری 2017 کو ہونے والے غیر معمولی اجلاس میں کمپنی کے قواعد و ضوابط میں ترمیم کی منظوری لی جس کے ذریعے دیگر امور کے علاوہ کنسورٹیم کے نمائندہ ڈائریکٹرز کو اہم انتظامی عہدے پر نامزدگی کا حق دیا گیا۔

اس تناظر میں معاشی پالیسیاں منفی معاشی خطرات سے بچاؤ اور یکوری کے لیے اہم کردار ادا کریں گی۔

پاکستان کی معاشی کارکردگی

اکنامک سروے آف پاکستان کے مطابق ملک کی شرح نمو 5.7 فیصد کے ہدف کے مقابلے میں مالی سال 17-2016 میں 5.28 فیصد رہی جس سے ملکی معیشت میں 300 ارب ڈالر سے زائد اضافہ ہوا۔ ہدف کے حصول میں ناکامی کے باوجود شرح نمو گزشتہ ایک دہائی کے دوران سب سے زیادہ ہے۔ مالی سال 2016-17 میں اصل مالی خسارہ ہدف کے مطابق 3.8 فیصد رہا۔ افراط زر کی شرح 6 فیصد کے ہدف کے برخلاف 4.1 فیصد رہی۔ مالی سال 2016-17 میں صنعتی شعبے میں ترقی کی شرح 5 فیصد رہی۔ بڑے صنعتی شعبے کی ترقی کی شرح 4.9 فیصد رہی جو 5.9 فیصد ہدف سے کم ہے۔ چھوٹے صنعتی شعبے کی ترقی کی شرح 8.2 فیصد ریکارڈ کی گئی جو ہدف کے مطابق ہے۔

مالی سال 2016-17 کے دوران خدمات کے شعبے میں ترقی کی شرح 5.7 فیصد ہدف سے زائد 6 فیصد رہی۔ مالی سال 2016-17 کے دوران زرعی شعبے نے اپنا ہدف 3.5 حاصل کیا۔ قومی قرضہ اب 20.8 ٹریلین روپے (جی ڈی پی کے 60 فیصد سے کم) ہے اس کا ہدف 61.4 فیصد مقرر کیا گیا تھا۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) کے ٹیکس محصولات یقیناً 3,621 ارب روپے کے ہدف کو حاصل نہیں کر سکیں گے کیونکہ ایف بی آر کے محصولات جولائی تا اپریل کے دوران 2,518.7 ارب روپے رہے ہیں۔ نو ماہ (جولائی تا مارچ) نان ٹیکس محاصل 451 ارب روپے رہے اس لیے قومی امکان ہے کہ پورے مالی سال کے 951 ارب روپے کے اہداف کو حاصل کرے۔ حکومت نے بھی جی ڈی پی کے تناسب سے سرمایہ کاری کے لیے مقرر کردہ 17.7 فیصد ہدف حاصل نہیں کیا۔ جو مالی سال 2016-17 میں 15.78 فیصد رہا۔ مالی سال 2016-17 میں بجلی اور گیس کی پیداوار میں 3.4 فیصد اضافہ ہوا جبکہ اس کا ہدف 12.5 فیصد مقرر کیا گیا تھا۔ تعمیراتی شعبے نے 9.05 فیصد کی زبردست ترقی کی لیکن یہ شعبہ بھی اپنے مقررہ ہدف 13.2 فیصد حاصل کرنے میں ناکام رہا۔

پاکستان کی جی ڈی پی پر چیزنگ پاور پیئرٹی (پی پی پی) کی بنیاد پر 1 ٹریلین ڈالر عبور کر گئی ہے۔ پی پی پی رینٹنگ کے مطابق پاکستان دنیا کی 25 ویں بڑی معیشت بن گیا ہے۔ ورلڈ ڈیٹا ایٹس کے مطابق پاکستان کی جی ڈی پی پی پی پی سالانہ 7.32 فیصد نمو کے ساتھ 2017 میں 1,060 ارب ڈالر ہے۔ یہ ایک دہائی کے دوران سب سے زیادہ اضافہ ہے۔

پاک چین اقتصادی راہداری کے نتیجے میں توقع ہے کہ مستقبل میں سرمایہ کاری میں اضافہ ہو۔ اس پس منظر میں موڈیز نے پاکستان کی B3 کریڈٹ ریٹنگ کی توثیق کی ہے اور 12 جولائی کو آؤٹ لک کو مستحکم پر قائم رکھا ہے۔

کیپٹل مارکیٹ کا جائزہ اور آؤٹ لک

سال کے دوران کے ایس سی 100 انڈیکس 23 فیصد اضافے کے ساتھ 30 جون 2017 کو 46,565 پوائنٹس پر بند ہوا۔ 30 جون 2016 کو انڈیکس 37,784 پوائنٹس پر بند ہوا تھا۔ مارکیٹ کیپٹل ازیشن میں بھی 7,588.5 ارب روپے سے 9522.4 ارب روپے تک اضافہ ہوا۔

Country / Exchange	Stock Name	1-Jul-17	30-Jun-16	%	Country / Exchange	Stock Name	1-Jul-16	30-Jun-15	%
Honk Kong	Hang Seng	25,764.58	20,794.37	23.9	Pakistan	KSE 100 Index	34,398.86	37,784.00	9.8%
PSX	KSE 100 Index	46,565.29	37,783.54	23.2%	Vietnam	VNINDEX	593.05	632.00	606%
Vietnam	VN	776.47	632.26	22.8%	Philippines	PCOMP	7,564.5	7,796.00	3.1%
MSCI EM	MSCI EM	1,010.80	834.1	21.2%	Indonesia	JCI Index	4,910.66	5,017.00	2.2%
Indonesia Jakarta	Composite	5,829.71	5,016.65	16.2%	India	SENSEX Index	27,780.83	27,000.00	-2.8%
MSCI FM	MSCI Frontier	563.67	489.11	15.2%	Malaysia	FBMKLCI	1,706.64	1,654.00	-3.1%
Bombay	BSE 30	30,921.61	26,999.72	14.5%	MSCI EM	MIXEF Index	978.25	834.00	-14.2%
Singapore	Strait Times	3,226.00	2,840.93	13.6%	Singapore	FSSTI Index	3,317.33	2,841.00	-14.4%
China	Shanghai Comp.	3,192.43	2,929.31	9.0%	MSCI FM	MXFM Index	577.6	489.00	-15.3%
Bursa Malaysia	EMAS	12,598.94	11,530.21	9.3%	Hong Kong	HSI Index	26,250.03	20,794.00	-20.8%
Philippine	PSEI	7,843.16	7,796.25	0.6%	China	SHCOMP Index	4,277.22	2,930.00	-31.5%

اوسط یومیہ ٹرن اور (ٹی+2 اور ڈی ایف ایم) میں 62 فیصد اضافہ ہوا جو 258 ملین حصص سے بڑھ کر 418 ملین حصص ہو گیا۔ اوسط یومیہ ویلیوٹر ٹریڈ (ٹی+2 اور ڈی ایف ایم) میں بھی 12.27 ارب روپے سے 19.25 ارب روپے تک اضافہ ہوا ہے۔ حالیہ سیاسی غیر یقینی کے باعث 15 اگست 2017 تک کے ایس

تاہم اسی دوران دو بینکوں کی جانب سے پرانی عمارت کے احاطے سے تبادلے کے بعد نئی عمارت کے گراؤنڈ فلور میں اضافی جگہ دستیاب ہوئی۔ بینکوں نے یہ اضافی جگہ اپنے پاس رکھنے کے لیے ایکس چینج کے ساتھ نئی لیز کا معاہدہ کیا۔ اس لیز سے حاصل ہونے والی مجموعی آمدنی 98.28 ملین روپے رہی۔ تاہم، مذکورہ لیز کی فروخت سے خالص آمدنی 94.3 ملین روپے ریکارڈ کی گئی۔

ایکس چینج کے ایبوسٹی ایٹس کے منافع میں حصہ 391.6 ملین روپے تھا جو گزشتہ سال کے 246.2 ملین روپے کے مقابلے میں 59 فیصد زائد ریکارڈ کیا گیا۔ یہ اسٹاک مارکیٹ میں بہتر ٹریڈنگ اور بہتر کارکردگی اور منسلک کمپنیوں کے محاصل میں اضافے کے نتیجے میں ممکن ہوا۔

جیسا کہ اوپر بیان کیا گیا ہے، ایبوسٹی ایٹ کمپنیوں کے منافع جات کو شامل کرنے کے بعد، ایکس چینج کا قبل از ٹیکس منافع مالی سال 2017 میں 318.9 ملین روپے تھا جو گزشتہ مالی سال 257.3 ملین روپے ریکارڈ کیا گیا تھا۔ جبکہ بعد از ٹیکس منافع مالی سال 2016 کے 132.3 ملین روپے کے مقابلے میں 277.3 ملین روپے رہا۔ مالی سال 2017 میں فی حصص آمدنی (ای پی ایس) 0.35 روپے تھی جو کہ گزشتہ سال 0.17 روپے ریکارڈ کی گئی تھی۔

نقد منافع (ڈیویڈنڈ)

ڈائریکٹرز نے 0.20 روپے فی حصص حتمی نقد منافع (ڈیویڈنڈ) دینے کی سفارش کی، یہ 0.10 روپے فی حصص کے عبوری نقد منافع (ڈیویڈنڈ) کے علاوہ ہے جو پہلے ہی ادا کیا جا چکا ہے۔ اس سے کل کیش ڈیویڈنڈ 0.30 روپے فی حصص یا 240.44 ملین روپے ہے جو مالی سال 2017 کے 277.29 ملین روپے کے منافع کے مطابق درج ذیل ہے:

(’000 روپے)	سالانہ منافع
277,294	تقسیم کے لیے دستیاب منافع
277,294	عبوری کیش ڈیویڈنڈ @ 1.0 فیصد
80,148	حتمی کیش ڈیویڈنڈ @ 2.0 فیصد
160,295	بیلنس کیری فارورڈ
240,443	
36,851	

فی حصص آمدنی

بیسک اورڈائیوڈنڈ فی حصص آمدنی 0.35 روپے رہی

عالمی وسیع محرکات

ورلڈ اکنامک آؤٹ لک کے مطابق عالمی معاشی سرگرمیوں میں سرمایہ کاری، اشیاء سازی اور تجارت میں اضافے کے باعث نمو ہوئی ہے۔ عالمی معیشت میں استحکام سے اس بیانے کو فنی ہوئی ہے جس میں کہا گیا تھا کہ آئندہ دہائی کے دوران معیشت سست روی کا شکار رہے گی۔ عالمی مالیاتی فنڈ (آئی ایم ایف) کے حالیہ تخمینے کے مطابق فنانشل مارکیٹ میں تیزی سے اشیاء سازی اور تجارتی سرگرمیوں میں اضافہ ہوا ہے۔ رپورٹ کے مطابق تیزی اور پیداوار کے احیاء سے عالمی معاشی نمو میں مدد ملے گی جو سال 2016 کے 3.1 فیصد سے بڑھ کر سال 2017 میں 3.5 فیصد اور سال 2018 میں 3.6 فیصد ہو جائے گی، اکتوبر 2016 کی ورلڈ اکنامک آؤٹ لک پیش گوئی سے معمولی زیادہ۔

اس کے نتیجے میں توقع ہے کہ ابھرتی ہوئی مارکیٹ اور ترقی پزیر معیشتوں میں سرگرمی میں اضافہ ہوگا کیونکہ اجناس کے برآمد کنندگان جو میکرو اکنامک دباؤ کا شکار تھے توقع ہے کہ وہ آہستہ آہستہ بہتر ہوں گے، جزوی طور پر اجناس کی قیمتوں کی بہتری، جبکہ چین اور دیگر اجناس کے درآمد کنندگان ممالک کی معاشی نمو میں بہتری کی توقع ہے۔ ترقی یافتہ ممالک، امریکہ، معاشی بہتری زیادہ نمو کی توقعات کے باعث ہیں۔ اجناس کی زائد قیمتوں کے باعث ترقی یافتہ ممالک میں افراط زر کی شرح میں اضافہ ہو رہا ہے جبکہ اصل افراط زر میں متعادل اضافہ جاپان اور دیگر یورو علاقوں میں دیکھا گیا ہے۔ ابھرتی ہوئی اور ترقی یافتہ معیشتوں میں خاص طور پر اسٹاک مارکیٹ کی سرگرمیوں میں اضافہ ہوا ہے۔

تاہم ساختی رکاوٹیں جیسے کہ کم پیداواری نمو اور آمدنی کی عدم مساوات مضبوط ریکوری کی راہ میں بدستور حائل رہیں گی۔ ترقی یافتہ ممالک میں اندرونی پالیسی سازی کے لیے دباؤ بڑھ رہا ہے۔ ان پالیسیوں کے نتائج عالمی معیشت پر بھی مرتب ہوں گے۔

رہی جیسا کہ رسک مینجمنٹ امور کی ایکس چینج سے این سی سی پی ایل کو منتقل ہوئے اور این سی سی پی ایل نے سینٹرل کاؤنٹر بارٹی (سی سی بی) کے بطور ذمہ داریاں سنبھالیں جس کے نتیجے میں سی ایچ پی ایف میں این سی سی پی ایل کو فنڈز کا اہم حصہ منتقل کیا گیا جس کا اطلاق یکم مئی 2016 سے ہوا۔

سرمایہ کاری کے لیے دی گئی جائیداد پر کرائے کی مد میں ہونے والی آمدنی میں کرایہ داروں کی جانب سے 8.5 فیصد اضافہ ہوا جس کی وجہ سے آمدنی 61.3 ملین روپے رہی، اس آمدنی میں یک بارگی اضافہ بھی شامل ہے جو سپریم کورٹ کے ایک موافق فیصلے کی نتیجے میں ہوا جس کے تحت ورکرز ویلفیئر فنڈ کے بارے میں فیصلہ تھا جس سے آمدنی میں 18.9 ملین روپے کا اضافہ شامل ہے۔

ایکس چینج کی آپریٹنگ لاگت 76.3 ملین روپے کے اضافے کے ساتھ (سالانہ 7.3 فیصد) 1,122.5 ملین روپے رہی جبکہ گزشتہ سال یہ لاگت 1,045.8 ملین روپے تھی۔ ہیومن ریسورس کی لاگت 10 فیصد کے اضافے کے ساتھ مالی سال 2017 میں 455.4 ملین روپے رہی جو گزشتہ سال 413.1 ملین روپے تھی۔ اس میں ایکس چینجز کے انضمام کے بعد لاہور اور اسلام آباد کے اسٹاف کی پی ایس ایکس میں شمولیت اور یونین اسٹاف کا دو سالہ چارٹرڈ آف ڈیمانڈ بھی شامل ہے۔ دیگر اخراجات کی مد میں پورے سال کے ایکس چینجز کے انضمام اور لاہور اور اسلام آباد میں جگہوں کے کرائے اور آئی ٹی کی دیکھ بھال سے متعلق اخراجات شامل ہیں، یہ اخراجات مالی سال 2017 میں 31 فیصد اضافے کے ساتھ 101.8 ملین روپے رہے جبکہ گزشتہ مالی سال 2016 میں یہ اخراجات 77.6 ملین روپے تھے۔

لیگل اور پروفیشنل فیس کی مد ہونے والے اخراجات میں 13.1 ملین روپے کی کمی ہوئی جو 23.9 ملین روپے رہے، یہ کمی یک بار ہونے والے اخراجات کی بچت کرنے کے باعث ہوئی جو بنیادی طور پر گزشتہ سال ایکس چینجز کے انضمام سے متعلق تھے۔ استقبالیہ اور اجلاسوں کی مد میں ہونے والے اخراجات 50 فیصد کے اضافے کے ساتھ 29.2 ملین روپے رہے جو چینی سرمایہ کاروں کے کنسورشیم اور پی ایس ایکس مالکان کے درمیان ہونے والے شیئر ہولڈر ایگریمنٹ کی تقریبات پر آنے والے اخراجات ہیں جس میں کنسورشیم کو پی ایس ایکس کے 40 فیصد حصص اور 20 فیصد کی عوامی فروخت، اور تعارفی تقریبات اور ڈائریکٹرز کی میٹنگز شامل ہیں۔ انٹرنیشنل آرگنائزیشن آف سیکورٹیز ٹریڈ کمیشن (آئی او ایس سی او) کو ممبر شپ کی فیس کی ادائیگی کے باعث سبسکرپشن فیس 2.7 ملین روپے سے بڑھ کر 10.7 ملین روپے ہوئی۔ سفری اور مواصلاتی اخراجات میں 30 فیصد کمی ہوئی (9.3 ملین روپے کی کمی) کیونکہ گزشتہ سال ایم ایس سی آئی کے حوالے سے منعقد ہونے والے روڈ شو کے لیے بڑے پیمانے پر غیر ملکی دورے کیے گئے تھے، اس کے علاوہ متوقع سرمایہ کاروں کو پی ایس ایکس کے 40 فیصد حصص کی فروخت کے لیے پریزنٹیشنز دی گئی تھیں۔

مالی سال 2017 میں 115.4 ملین روپے اور 35.4 ملین روپے کے اخراجات ہوئے جو فکسڈ اثاثوں کی فروخت / منتقلی اور پی ایس ایکس کیسپس میں بالترتیب نئی عمارت / مین عمارت کی تعمیر پر ہونے والے اخراجات سے متعلق تھے۔ اس کا مختصر پس منظر درج ذیل ہے۔

اپریل 2012 میں انتظامیہ نے پی ایس ایکس بورڈ کو بتایا تھا کہ 1,950 مربع گز پر مشتمل پرانی عمارت جو ایکس چینج کی حدود میں قائم ہے انتہائی محدود ہو چکی ہے۔ اس عمارت میں بروکرز کے دفاتر، بینکس اور دیگر مکین لیو اینڈ لائنس ایگریمنٹ کی بنیاد پر موجود تھے۔ انتظامیہ کو پیش کردہ کنسپٹ پیپر میں تجویز دی گئی تھی کہ پرانی عمارت کو گرا کر اس کے بدلے مکین کو نئی عمارت میں جدید سہولت کی حامل جگہ لیز کی جائے، نئی عمارت کی تعمیر ایکس چینج کے انتظامی بلاک پر تقریباً 400 مربع گز پر کرنے کی تجویز دی گئی تھی۔ اس انتظام کا فائدہ یہ ہوگا کہ ایکس چینج کو 1550 مربع گز جگہ خالی ملے گی جس کو ایکس چینج کے مجموعی ریل اسٹیٹ کی قدر میں شمار کیا جائے گا جو 625 ملین روپے ہے۔

غور و خوص کے بعد پی ایس ایکس نے کنسپٹ پیپر کی منظوری دی اور منصوبے پر عمل کا آغاز ہوا۔ اس نئی عمارت کی تعمیر اور اس سے متعلق دیگر اخراجات کی مد میں 151 ملین روپے خرچ ہوئے۔

درج بالا مشق کا حساب کتاب اس طرح کیا گیا کہ نئی عمارت / مرکزی عمارت میں کمروں کے کینوں کو لیز سوپا ایگریمنٹ کے مطابق پرانی عمارت کے متبادل کے طور پر کی گئی، تعمیراتی اخراجات کا تخمہ سب لیز رائیٹ کی پروویژن کے مطابق لگایا جاتا ہے۔ 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے فکسڈ اثاثے اور ناقص اثاثے کی فراہمی پر خسارہ مجموعی طور پر 150.8 ملین روپے رہا۔

ڈائریکٹرز کی رپورٹ

پاکستان اسٹاک ایکسچینج لمیٹڈ (پی ایس ایکس) کے بورڈ آف ڈائریکٹرز کو پی ایس ایکس کے بطور پبلک لیسٹڈ کمپنی 30 جون 2017 کو ختم ہونے والے مالی سال کی پہلی سالانہ رپورٹ پیش کرنے کا اعزاز حاصل ہو رہا ہے۔ پی ایس ایکس کی لسٹنگ کا عمل 29 جون 2017 کو اس کے ادا شدہ سرمائے کے 20 فیصد حصص کی عوامی فروخت کے بعد مکمل ہوا۔ اس سے قبل پی ایس ایکس کے 40 فیصد ایکویٹی اسٹیک چائنا فنانشل فیوچرز ایکسچینج لمیٹڈ، شنگھائی اسٹاک ایکسچینج، شین ژن اسٹاک ایکسچینج، پاک چائنا انویسٹمنٹ کمپنی لمیٹڈ اور حبیب بینک لمیٹڈ پر مشتمل چینی کنسورشیم کو خرید و فروخت کے معاہدے کے تحت فروخت کیے گئے تھے۔ اس اہم پیش رفت کے نتیجے میں پاکستان کی کپیٹل مارکیٹ کی نشوونما کے نئے دور کا آغاز ہوا ہے۔

مالیاتی جائزہ:

30 جون 2017 کو ختم ہونے والے مالی سال کے دوران قبل از ٹیکس منافع 318.9 ملین روپے تھا جو گزشتہ سال کے 257.3 ملین روپے سے 24 فیصدزائد تھا۔ اسی عرصے کے دوران بعد از ٹیکس خالص منافع 277.3 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال کے 132.3 ملین روپے کے مقابلے میں 1.1 گنا زیادہ تھا جبکہ ٹیکسوں کی شرح مالی سال 2016 کے 48.6 فیصد کے مقابلے میں مالی سال 2017 میں 13 فیصد رہی۔ مالی سال 2017 میں ٹیکس کی کم نفاذ کی وجہ ایک منسلک کمپنی (ایسوسی ایٹ کمپنی) سے کم ڈیویڈنڈ کی وصولی تھی جس کی وجہ ایس ای سی پی کی جانب سے منسلک کمپنی، سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) پر ڈیویڈنڈ کی تقسیم پر عائد پابندی تھی۔

30 جون 2017 کو ختم ہونے والے مالی سال کے دوران پاکستان اسٹاک ایکسچینج لمیٹڈ کی مجموعی آمدنی (ایسوسی ایٹس کے شیئرز اور دیگر آمدنی کے علاوہ) 1.064 ارب روپے تھی جو گزشتہ سال حاصل ہونے والی آمدنی کے تقریباً مطابق تھی۔ آمدنی میں سالانہ لسٹنگ فیس 6.1 فیصد اضافے کے ساتھ 197.7 ملین روپے رہی (مالی سال 2016 میں یہ آمدنی 186.4 ملین روپے تھی) جبکہ ابتدائی لسٹنگ فیس 14.8 فیصد اضافے کے ساتھ 47.9 ملین روپے رہی (مالی سال 2016 میں یہ آمدنی 41.7 ملین روپے تھی)، یہ اضافہ کمپنیوں کی جانب سے رائٹس شیئرز اور بونس کے اعلانات کے باعث ہوا۔

ایکسچینج کے آپریشنز سے حاصل ہونے والی آمدنی میں سالانہ بنیاد پر 41 فیصد کی بہتری ہوئی جو مالی سال 2016 کے 320.7 ملین روپے کے مقابلے میں مالی سال 2017 میں 452.9 ملین روپے ریکارڈ کی گئی۔ یہ اضافہ ٹریڈنگ فیس میں 54 فیصد اضافے کے نتیجے میں ہوا جو گزشتہ سال کے 221.0 ملین روپے کے مقابلے میں 339.6 ملین روپے رہی۔ زیادہ ٹریڈنگ فیس زیادہ اوسط ٹریڈنگ کے نتیجے میں ہوئی جو مالی سال 2016 کے 12.8 ارب روپے کے مقابلے میں مالی سال 2017 میں 20 ارب روپے ہوئی (ریڈی اور فیوچرز) سالانہ بنیاد پر یہ اضافہ 56 فیصد رہا۔ سہولیات اور سامان کی فراہمی اور ممبر شپ فیس کی مد میں حاصل ہونے والی آمدنی 34 فیصد اضافے کے ساتھ مالی سال 2016 کے 55.3 ملین روپے کے مقابلے میں مالی سال 2017 میں 74.2 ملین روپے رہی۔ یہ اضافہ ایکس چینجر کے انضمام کے باعث سیکورٹیز بروکرز اور ان کے نمائندوں، کے آئی ٹی ایس اور ٹی آر ای سی ہولڈرز کی جانب سے پی ایس ایکس انٹرنیٹ ٹریڈنگ پلیٹ فارم کے استعمال میں نمایاں اضافے کے باعث ہوا۔

شرح سود میں کمی کے باعث خالص مارک اپ (سود) کی آمدنی میں 55 فیصد کمی ہوئی جو مالی سال 2016 کے 280.7 ملین روپے کے مقابلے میں مالی سال 2017 میں 127.4 ملین روپے رہی۔ مالی سال 2017 میں موثر شرح سود گزشتہ سال کے 11.5 فیصد کے مقابلے میں 6.4 فیصد رہی، اس کے علاوہ زیادہ منافع والے سرکاری انویسٹمنٹ بانڈز کے مدت کی تکمیل، ری انویسٹمنٹ ریٹس میں نمایاں کمی اور رسک مینجمنٹ کے امور کی ذمہ داری ایکس چینج سے نیشنل کلیئرنگ کمپنی آف پاکستان لمیٹڈ (این سی سی پی ایل) کو منتقل ہونے کے باعث بھی کمی ہوئی، جس کے نتیجے میں موخر الزکر نے ایس ای سی پی کی ہدایات پر سینٹرل کاؤنٹر پارٹی (سی سی پی) کے طور پر ذمہ داریاں سنبھالیں جس کے ذریعے ممبران کی جانب سے مارجن ایکسپوزر این سی سی پی ایل میں یکم مئی 2016 سے جمع ہونا شروع ہوئے۔ تاہم درج بالا کی تلافی سرسبز چارجز کی مد میں 62.9 ملین روپے کی وصولی کے ذریعے ہوئی۔ یعنی بعد ازاں رسک مینجمنٹ کے امور کی پی ایس ایکس سے این سی سی پی ایل کو منتقلی، مذکورہ امور این سی سی پی ایل انجام دے رہی تھی جبکہ آئی ٹی سرورز، افرادی قوت اور پی ایس ایکس نیٹ ورک کا استعمال کیا گیا تھا۔ این سی سی پی ایل اور پی ایس ایکس نے ایک تین سالہ معاہدہ کیا جس کے تحت این سی سی پی ایل نے ایک فیصد سروس چارج واپس پی ایس ایکس کو اوسط بروکر کے بیلنس پر دینے پر رضامندی ظاہر کی۔ انتظامی فیس بھی 37 فیصد کمی ہوئی جو گزشتہ مالی سال کے 179.1 ملین روپے کے مقابلے میں اس سال 113.6 ملین روپے



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