



Abstract

This document covers the modalities and process involved in conducting the primary market auction of Government Debt Securities (GDS) through capital market infrastructure institutions including any coupon payments and final settlement.

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Jointly Prepared by: PSX | NCCPL | CDC

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1) Introduction

- 1.1 The Finance Division has proposed amendments to the existing Government of Pakistan Market Treasury Bills 1998 and Government of Pakistan IJARA Sukuk Rules 2008 to address the increasing demands of financial markets, including Islamic financial institutions.
- 1.2 The Federal Cabinet has approved these amendments, which aim to enhance the efficiency and flexibility of issuing, registering, trading, and transferring government debt securities (GDS) through Pakistan Stock Exchange (PSX), National Clearing and Settlement Company of Pakistan (NCCPL), and Central Depository Company of Pakistan (CDC), collectively known as Capital Market Infrastructure Institutions (CMIIs).
- 1.3 These changes are expected to simplify participation in GDS auctions, expand the investor base, reduce borrowing costs, and increase transparency and accessibility for investors.
- 1.4 The Debt Management Office (DMO) of Ministry of Finance (MoF) is working with CMIIs, along with the supervisory role of Securities and Exchange Commission of Pakistan (SECP), to ensure effective implementation of these amendments, with the expectation that they will have a positive impact on Pakistan's financial markets and contribute to the country's overall economic development.
- 1.5 The implementation plan has following key features:
 - 1.5.1 Issuance of 1-year tradable IJARA Sukuk instruments at discount through CMIIs in the first stage.
 - 1.5.2 MoF shall continue to explore the possibility of issuing 3-month and 6-month Sukuk to be issued through CMIIs.
 - 1.5.3 Making Govt. Sukuk CDS eligible, having custody with CDC and issued by Pakistan Domestic Sukuk Company Limited (PDSCL) under an issuer agreement with CDC.
 - 1.5.4 Conducting primary market issuance and secondary market trade through CMIIs.
 - 1.5.5 Issuing different types of instruments through CMIIs, including conventional short and long-term instruments, going forward.
- 1.6 In this reference, Finance Division through its notification dated November 09, 2023 has constituted a Committee on Operational Readiness for Government Debt Securities on Pakistan Stock Exchange (The Committee). The Committee has vetted the primary market auction and secondary market trade procedures.

2) Role and Responsibility of Stakeholders

2.1 In order to issue the government debt securities through capital market, the role and responsibilities of each party involved are presented in the table below:

| No. | Stakeholder | Role and Responsibility |
|-----|---|---|
| 1. | Debt Management Office DMO of Ministry of Finance (MoF) | <ul style="list-style-type: none"> a. Establish an agency agreement with PSX and other CMIIs to conduct auctions of GDS. b. Define instrument descriptions or product details to be issued through CMIIs. c. Communicate auction details to PSX before every auction. d. Determine the cut-off yield and accepted bids for each auction. e. Ensure timely coupon and/or maturity payments to security holders. f. Appoint NCCPL as a paying agent for GDS issued under this structure g. Authorize State Bank of Pakistan (SBP) to act as a banker to the GoP in this model and to instruct SBP to debit/credit the mentioned accounts accordingly. h. Appoint NCCPL as a Withholding agent for GDS issuance through CMIIs. i. To ensure that the instrument issued through CMIIs should be eligible for Statutory Liquidity Requirement (SLR) of SBP. |
| 2. | Securities and Exchange Commission of Pakistan (SECP) | <ul style="list-style-type: none"> a. Regulate the activities of Capital Market Infrastructure Institutions (CMIIs) in facilitating the primary market auction and secondary market trading of GDS issued periodically by the DMO through CMIIs. |
| 3. | Pakistan Stock Exchange Limited (PSX) | <ul style="list-style-type: none"> a. Establish an agency agreement with DMO to oversee the conduct of GDS auctions. b. Execute Service Level Agreements (SLAs) with other CMIIs to delegate tasks within their respective domains in the capital market ecosystem. c. Collaborate with other CMIIs to develop primary market auction procedures, security listing and secondary market trading modalities. |

- d. GDS symbol creation and definition in PSX Ancillary systems.
- e. Publish auction calendars and other relevant details for market participants before every auction.
- f. Coordinate with other CMIs, Banks, AMCs, Securities Brokers, SECP, and the DMO to conduct joint marketing and awareness sessions for market participants.
- g. Provide an Auction System (software) capable of handling issuance of all types of Government instruments.
- h. Coordinate with NCCPL for eligible Participants onboarding in the Auction System.
- i. Oversee the bidding process and ensure its transparency.
- j. Report data to the DMO in the agreed format and manner.
- k. Conduct the allocation process in the Auction System according to the DMO's directives and report successful bidders to NCCPL and the DMO.
- l. Report bidding data to DMO as per the agreed terms and in coordination with other CMIs as and when require.
- m. Post auction, data reporting to SBP as per agreed formats and frequency, if so required.

4. National Clearing and Settlement Company of Pakistan Limited (NCCPL)

- a. Establish an agency cum service level agreement with DMO and to act as a paying agent.
- b. Oversee the process of debiting and crediting of GoP account through necessary arrangements with SBP.
- c. Establish and oversee eligibility criteria for participants, including Broker Clearing Members (BCM) and Non-Broker Clearing Members (NBCM), in coordination with PSX. For Trading Only Brokers, the route will be through EClear Services Limited.

Note: BCM refers to Securities Brokers or TREC Holders, while NBCM refers to commercial banks, Financial Institutions, Investment Company, Asset Management Company and CIS etc.

- d. Define the advance against bid in consultation with the committee established by the Finance Division.
- e. Collect advance against bids from eligible participants.
- f. Settle funds from successful bidders and eligible participants and submit onward to relevant account of DMO.

| | | |
|----|--|--|
| | | <ul style="list-style-type: none"> g. Develop a Shortfall Management Process (in coordination with PSX) to ensure a form of credit line in case of a shortfall of funds due to payment default by any bidder or eligible participant. h. Provide details to CDC about successful bidders, in coordination with PSX, who have submitted funds for the crediting of GDS units. i. Coordinate Coupon and Maturity Payments with DMO and CDC, depending upon the type of instrument. j. Ensure that taxation is deducted in accordance with the rules prescribed by the Federal Board of Revenue (FBR). k. Provide a facility to eligible participants and their clients to roll over the upcoming maturity of GDS to the next GDS auction. |
| 5. | Central Depository Company of Pakistan Limited (CDC) | <ul style="list-style-type: none"> a. Act as the custodian of Government Debt Securities (GDS). b. Execute an issuer agreement with Pakistan Domestic Sukuk Company Limited (PDSCL, the Issuer) – in the case of Sukuk. c. Generate ISIN and set up the security into the Central Depository System (CDS). d. Provide Investor Facilitation Account details to NCCPL. e. Coordinate with NCCPL/PDSCL to arrange successful bidders'/ investors' details and credit GDS units to their designated CDS Accounts and Investor Facilitation Accounts. f. Provide pledging facilities to Banks / SBP g. Provide unit holders /security holders details to NCCPL /PDSCL for maturity and/or coupon payments and revoke the security once maturity payment is completed. |
| 6. | Eligible Participants | <ul style="list-style-type: none"> a. Eligible Participant is a term analogous to Primary Dealers in the Banking Industry. b. It refers to Broker Clearing Members (BCM) and Non-Broker Clearing Members (NBCM) determined by NCCPL in accordance with eligibility criteria established in consultation with relevant stakeholders, including PSX. c. These participants will be known in advance and consist of a fairly constant list d. They can establish bidding accounts for proprietary participation in the auction e. They can also create bidding accounts for their clients/investors for disclosed and undisclosed bidding |

- f. They are responsible to NCCPL for providing payments in lieu of accepted bids for their proprietary and client's accounts.
- g. For clients, they can collect advance against bids based on their own risk assessment criteria.
- h. Eligible participants are responsible for their clients' Know Your Customer (KYC) requirements.

Note: Commercial Banks, Investment Banks, DFIs and Micro-finance Institutions are not eligible to participate in NCBs.

Note:

In case of any unforeseen situation leading to the Auction system non-availability/malfunctioning, the participants shall be required to submit their bids (for their own investment and /or on behalf of their investors) on a specified format as mentioned in Annexure "D"

Manual submission of bids by the participants shall be subject to participant/investors' advance against bid availability and other limits applicability. The bids that meet the advance against bid requirements of participants shall be submitted to MoF/DMO.

3) Primary Market Auction of CDS Eligible GDS – Ongoing Process

3.1 Auction System Setup, Eligible Participant Setup and Bid Account Creation

- 3.1.1 The auction calendar is determined by the Debt Management Office (DMO).
- 3.1.2 DMO will formally communicate the auction calendar details to the Pakistan Stock Exchange (PSX) for the quarter on a rolling monthly basis or other agreed frequency.
- 3.1.3 PSX will issue a public notice regarding the auction calendar at least 5 trading days before the auction day (A-5). This will cover the auction and settlement dates, target amount, and maturity amount among others. PSX may also ensure that this notice is disseminated to Bloomberg and Reuters.
- 3.1.4 CDC will declare eligibility of GDS (Sukuk) as CDS eligible security based on the documents (Issuer Agreement and Issuer Admission Form) and setup the same in the Central Depository System. CDC will establish Investor Facilitation Account to facilitate investors who does not have a CDS account and share the details to NCCPL.
- 3.1.5 National Clearing Company of Pakistan Limited (NCCPL) will share with PSX the list of eligible participants (based on the pre-defined criteria) along with any advance against bid details and

- updated contact details of persons authorized by the eligible participant for Auction System setup. This shall be received not later than the close of business day at A-4 whereas the advance against bid details are shared on an ongoing basis from A-3 till the cut off time mentioned in the Designated Time Schedule (Annexure A). An extract of eligible participant and the applicability of advance against bid and rate is provided in annexure “E”.
- 3.1.6 Based on the list of eligible participants (i.e. only CM ID of NCCPL), advance against bids, and contact details, PSX will configure its auction system by creating eligible participants not later than A-3.
 - 3.1.7 Once the eligible participants are created, credentials such as participant ID and password will be transmitted by the PSX Auction System to the authorized person’s registered email address, whereas the ID and PIN will be shared on designated mobile number.
 - 3.1.8 Authorized persons of the eligible participant shall log into the PSX Auction System using the credentials provided by PSX.
 - 3.1.9 Eligible participants can open a user bidding account for proprietary purposes, such as for participation by bank or broker for their own bids.
 - 3.1.10 Eligible participants are authorized to establish user’s bidding accounts for their clients, including individuals and corporate entities such as insurance companies and mutual funds. (Annexure - C for a diagrammatic view)
 - 3.1.11 In the event of a Trading Only Broker and their clients, the user bidding account must be created through the Professional Clearing Member – PCM (EClear Services Limited).
 - 3.1.12 Upon client request for anonymous or undisclosed bidding, the eligible participant needs to open user bidding account through client’s details (email, name, phone number, etc). PSX Auction System will share a user ID, URL for the bid day screen, and password with the client via their registered email whereas the PIN will be shared on mobile number.
 - 3.1.13 The creation of a bidding user account requires a minimum set of information, including the name of the bidder, maximum participation amount or Non-Competitive Bid Amount, CNIC/Incorporation number/UIN, registered mobile phone number of the authorized personnel, IBAN, bidding type (competitive or non-competitive), CDC Sub A/c/ IAS A/c (If available) and email ID of the authorized participant. (Sample Screen in Annexure – B). An authorization may also be obtained by eligible participant from the investor in case of disclosed bidding on client’s behalf, for record purposes. Bank details to be entered correctly as these will be used for any coupon/rental and maturity payments.

- 3.1.14 Individuals may directly approach Broker Clearing Members (BCM) and Non-Broker Clearing Members (NBCM) to participate in bidding process.
- 3.1.15 In the case of disclosed bids, the eligible participant (based on the authorization) will bid on behalf of their client on the auction day.
- 3.1.16 If a CDS account is not yet created (for instance, for a new investor), it can either be created before the auction day, or the Investor Facilitation Account of CDC shall be used for credit of securities.
- 3.1.17 The user bidding account opening process must specify the maximum bidding amount to be utilized by the investor at the time of the auction.
- 3.1.18 PSX Auction System will verify that only single compiled bid is received from users across all participants marked as NCB in non-competitive auctions.
- 3.1.19 The PSX Auction System shall also confirm that the maximum, minimum amounts and participant/investor restrictions prescribed by the DMO for each GDS for non-competitive bids are adhered to before proceeding further.
- 3.1.20 Once the user is created and confirmed by the eligible participant, the credentials for participation in the bidding process are forwarded by the PSX Auction System to the user (investor in the case of anonymous bidding or their agent/eligible participant in the case of disclosed bidding) through registered email and/or mobile numbers (sample enclosed in Annexure B).
- 3.1.21 The cut-off time for the creation of bidding users by eligible participants is the mentioned in the DTS.

3.2 Bidding Day Readiness and Bidding & Allocation Process

- 3.2.1 NCCPL is required to communicate the confirmation of advance against bid amount of eligible participants to PSX with in the cut-off time mentioned in the DTS.
- 3.2.2 Based on the information shared by NCCPL, PSX will activate the eligible participants who have submitted advance for the bidding purposes on the auction day.
- 3.2.3 For remaining eligible participants, PSX will deactivate the participants' IDs, and as a result, all the users created through such participants shall not be able to place bid during auction time.
- 3.2.4 Timing of non-competitive bidding and competitive bidding shall be prescribed in the DTS.

- 3.2.5 Eligible participants may bid on behalf of their client(s) in the case of disclosed bids, or users may bid anonymously using the credentials provided during the auction hours within the maximum participation amount assigned. (Sample of log-in screen and Bid Screen enclosed in Annexure B)
- 3.2.6 The PSX Auction System is responsible for ensuring that the bids are submitted within the assigned limits based on the advance against bid details provided by NCCPL and the resultant maximum participation amount.
- 3.2.7 Bidders may place multiple bids within the assigned participation amount at different rates.
- 3.2.8 Bids can be cancelled only during the auction hours. In case of modification is required, user need to cancel the earlier bid and resubmit with revised amount and / or rate.
- 3.2.9 Based on the direction of DMO, PSX may provide a platform where bid amount under each bid rate slab shall be visible to market during Auction Hours. The decision to make such visibility rests with DMO and shall be communicated to the market in advance.
- 3.2.10 Bid with bid amount and rate (without the name of the bidder) may be available to DMO for visibility during auction hours.
- 3.2.11 After the auction hour at A, PSX will send the compiled competitive bids (bid amount and rate without bidder name) along with non-compete bids (Total Bid Amount) to the DMO in an agreed manner.
- 3.2.12 DMO will review the bids and revert back to PSX with the cut-off rate and cut-off amount and any direction related to NCB on the same day (A).
- 3.2.13 Based on the information provided by DMO, PSX will conduct its allocation process at A.
- 3.2.14 The successful bidders will be notified by the PSX Auction System via their registered email that their bids are accepted at the respective rate (depending upon the instrument), and such bidders are required to arrange settlement with NCCPL at A+1.
- 3.2.15 The details of such successful bidders are shared with NCCPL and DMO in the agreed format.

3.3 Primary Market Auction Settlement Process and Credit of Sukuk Units to the Investors' Designated CDS Accounts

- 3.3.1 Following the allocation process conducted by PSX, NCCPL will commence its pay and collect process at A+1 by debiting the settling bank accounts of eligible participants.
- 3.3.2 In the event of unsuccessful bids, NCCPL will release the advance amount of eligible participants at A+1 within banking hours.
- 3.3.3 Should there be any shortfall in payments due to failure to meet commitments, NCCPL will initiate its Shortfall Management Process in coordination with other CMIIIs, with details and timeline to be finalized in accordance with regulatory requirements.
- 3.3.4 The funds in lieu of accepted bids will be credited to the account of GOP (Federal Consolidated Fund) by NCCPL maintained in the SBP on A+1.
- 3.3.5 NCCPL will share confirmation of fund deposits with the DMO on A+1.
- 3.3.6 NCCPL will share the list of successful bidders who have made full payments with CDC, following the agreed-upon method of communication between the parties.
- 3.3.7 CDC will upload the data of successful bidders into CDS and conduct thorough verification on A+1. In the event of any discrepancies identified in the data, CDC will promptly engage with the investors to rectify the information on A+1.
- 3.3.8 Once data issues are rectified, CDC will execute the final upload into CDS and send a complete list of successful investors to Pakistan Domestic Sukuk Company Limited (PDSCL) on A+1 (in case of Sukuk). However, in case of conventional instruments CDC will execute the final upload into CDS and send a complete list of successful investors to DMO
- 3.3.9 Based on the credit instruction received from PDSCL or the issuer, CDC will define the apply date for the credit of GDS / Sukuk units into CDS on A+1.
- 3.3.10 GDS units will be credited at the end of the day in designated IAS/sub-accounts/Investor facilitation account as appropriate.
- 3.3.11 In the event of no CDS account at the time of bidding and the utilization of the CDC Investor Facilitation Account, bidders who are allocated sukuk/security units in the Investor Facilitation Account must open a CDS account within 40 days from the date of credit of sukuk/security units. Secondary market trading of such GDS instrument by the successful bidder is only conducted if the CDC account of such bidder is later created.

3.3.12 GDS holders/Sukuk holders may utilize the CDC pledging facility for SBP reserve requirement, and other applicable purposes.

3.4 Coupon and Maturity Payments

- 3.4.1 In accordance with the coupon frequency, the National Clearing Company of Pakistan Limited (NCCPL) will receive the coupon payment from the designated bank account of GOP (Federal Consolidated Fund) maintained in the SBP. State Bank would require a debit authority from GOP to make coupon or rental and maturity payments to NCCPL.
- 3.4.2 Central Depository Company (CDC) will share the details of GDS unitholders/sukuk holders with NCCPL in the manner and timeframe agreed upon between CDC and NCCPL.
- 3.4.3 NCCPL, after deducting any applicable withholding tax, will directly credit the coupon payment to the GDS unitholder's bank account.
- 3.4.4 At the maturity of the GDS instrument, NCCPL will receive payments from account of GOP (Federal Consolidated Fund) maintained in the SBP in accordance with the agreed-upon procedure. State Bank would require a debit authority from GOP to make coupon or rental and maturity payments to NCCPL.
- 3.4.5 NCCPL, after deducting any applicable withholding tax, will directly credit the maturity payment to the GDS unitholder's bank account.
- 3.4.6 Following the receipt of payment confirmation from NCCPL, CDC will coordinate with the Pakistan Domestic Sukuk Company Limited (PDSCL) or issuer to revoke the CDS security.
- 3.4.7 In the event of rollover of funds to the next sukuk or GDS issuance initiated by an eligible participant, NCCPL will extend the rollover facility to such participants/investors, considering the previous sukuk/GDS or cash received at maturity as collateral.
- 3.4.8 NCCPL shall collect the applicable taxes from GDS holders on coupon or maturity payment and shall submit the same to the concerned authority in accordance with the taxation rules.

PLEASE NOTE THAT DTS AND OTHER TIMELINES MENTIONED IN PSX NOTICE PSX/N-1246 DATED DECEMBER 06, 2023 SHALL BE RELEVANT FOR THE FIRST AUCTION AT PSX.

4) Annexures

Annexure – A

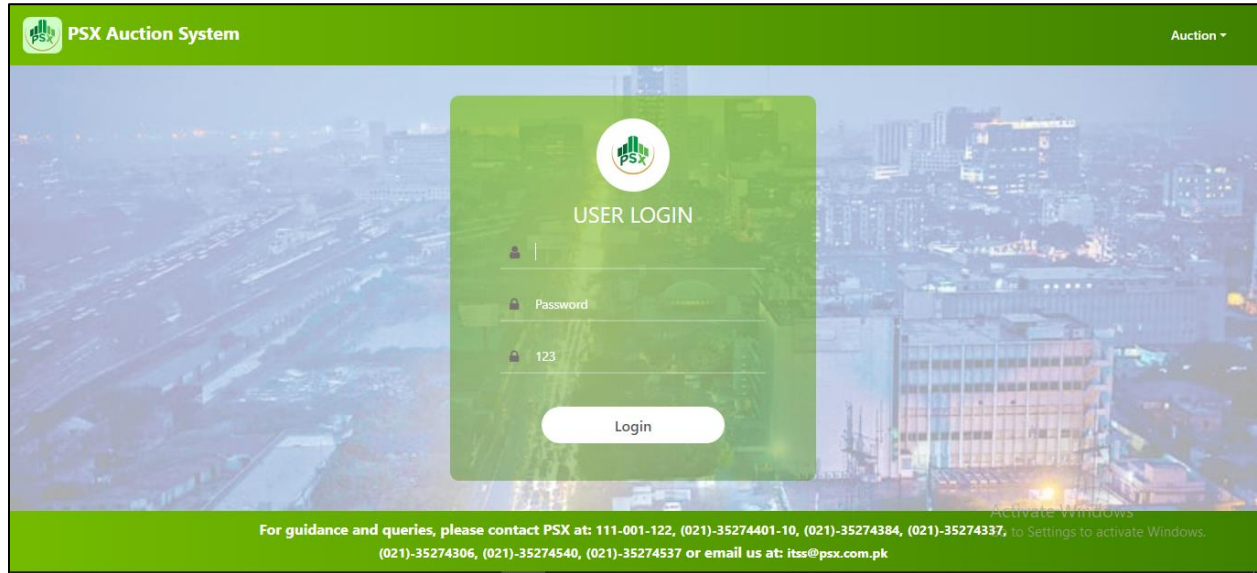
Designated Time Schedule (DTS)

Standard DTS will be shared later. However, for the first Auction at PSX, the DTS is prescribed in the relevant notice placed on PSX website.


Annexure – B

Auction System Screen

Eligible Participant and / or Bidder Log – in Screen



PSX Auction System Auction ▾



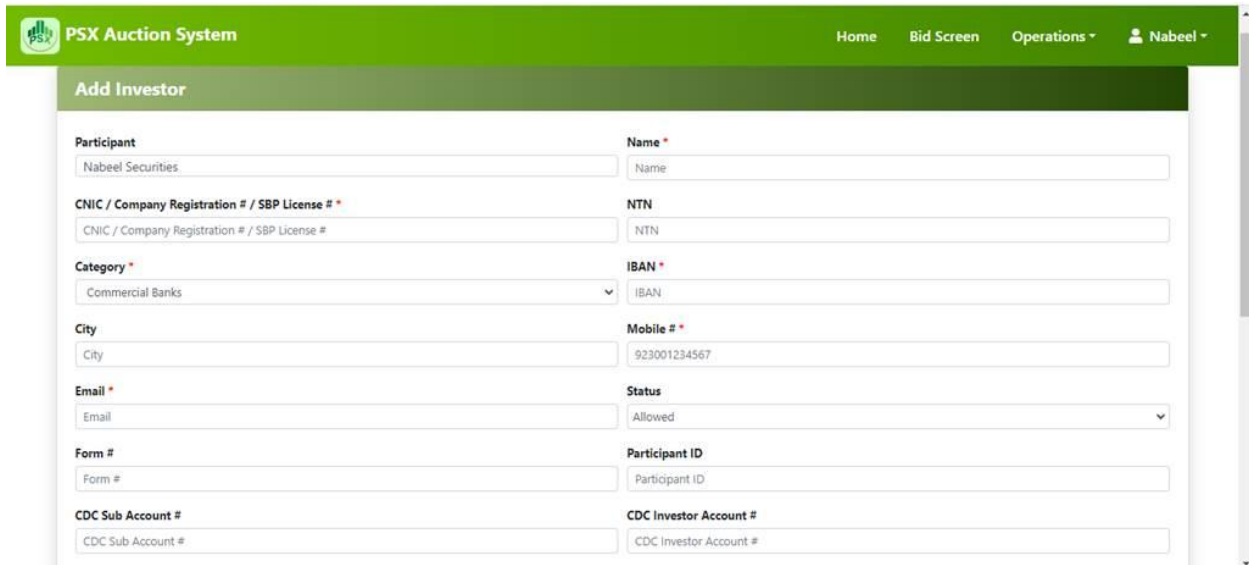
USER LOGIN

Password
 123

Login

For guidance and queries, please contact PSX at: 111-001-122, (021)-35274401-10, (021)-35274384, (021)-35274337, to Settings to activate Windows.
 (021)-35274306, (021)-35274540, (021)-35274537 or email us at: itss@psx.com.pk

Investor Creation Screen for Eligible Participant



PSX Auction System Home Bid Screen Operations ▾ Nabeel ▾

Add Investor

| | |
|--|--|
| Participant <input type="text" value="Nabeel Securities"/> | Name * <input type="text" value="Name"/> |
| CNIC / Company Registration # / SBP License # * <input type="text" value="CNIC / Company Registration # / SBP License #"/> | NTN <input type="text" value="NTN"/> |
| Category * <input type="text" value="Commercial Banks"/> | IBAN * <input type="text" value="IBAN"/> |
| City <input type="text" value="City"/> | Mobile # * <input type="text" value="923001234567"/> |
| Email * <input type="text" value="Email"/> | Status <input type="text" value="Allowed"/> |
| Form # <input type="text" value="Form #"/> | Participant ID <input type="text" value="Participant ID"/> |
| CDC Sub Account # <input type="text" value="CDC Sub Account #"/> | CDC Investor Account # <input type="text" value="CDC Investor Account #"/> |

Investor Security, bid type and Risk Allocation Screen

Create Symbol Mapping

| | |
|--|--|
| Name * | Symbol * |
| <input type="text" value="--- Please Select ---"/> | <input type="text" value="--- Please Select ---"/> |
| Cash * | Margin (%) * |
| <input type="text" value="Cash"/> | <input type="text" value="Margin (%)"/> |
| Bid Type * | Risk Management |
| <input type="text" value="----- Please Select -----"/> | <input type="text" value="Disable"/> |
| Status | |
| <input type="text" value="Allowed"/> | |

Investor Email Snapshot

PSX Auction System

HARIS INVESTOR 2 has been successfully registered to participate in GDS auction. Please find below the User ID, Password to login to PSX Auction System Portal <https://debt.psx.com.pk>

| | |
|------------------------------|--|
| Name | HARIS INVESTOR 2 |
| Email | haris.ansari@psx.com.pk |
| CNIC No | 42201-852741-9 |
| NTN | |
| Mobile No | 923453411724 |
| Nationality | N/A |
| Address | |
| IBAN | 11111111111111111111111111111111 |
| Login ID | B005967 |
| Password | 4ghGR1yX |
| Pin Code | Will be shared on SMS |
| Telephone | 923453411724 |
| CDC Participant Name | N/A |
| CDC Participant ID | |
| CDC House A/C No | N/A |
| CDC Investor A/C Id | |
| CDC Investor Service A/C Id. | N/A |

(This is a System Generated Message).

debt.psx.com.pk

Investor Bid Screen

| Bid Window | | Issue Details | |
|-----------------|---------------------------------------|---------------------|---------------------------------------|
| Select Symbol | 1 Year Ijara Sukuk - Maturity 02Dec24 | Issue Description | 1 Year Ijara Sukuk - Maturity 02Dec24 |
| Select Bid Type | Competitive | Scrip Code | P01GIS021224 |
| Price | 0 | Comp Bid Start Date | 2023-12-01 |
| Bid Amount | | Comp Bid End Date | 2023-12-01 |
| PIN | | Comp Bid Start Time | 17:00 |
| Bid | | Comp Bid End Time | 19:00 |
| Cash | 0.00 | NC Bid Start Date | 2023-12-01 |
| Consumed | 0 | NC Bid End Date | 2023-12-01 |
| Available | 0 | NC Bid Start Time | 17:00 |
| Margin % | 0.00 | NC Bid End Time | 19:00 |
| | | Floor Price | 75.00 |
| | | Ceiling Price | 100.00 |
| | | Tick Size | 0.0001 |
| | | Board Lot | 100000 |
| | | Total Offer | 30000000000.00 |
| | | NCB Max Value | 500000000 |
| | | RMS Status | No |
| | | Minimum Order Value | 100000 |

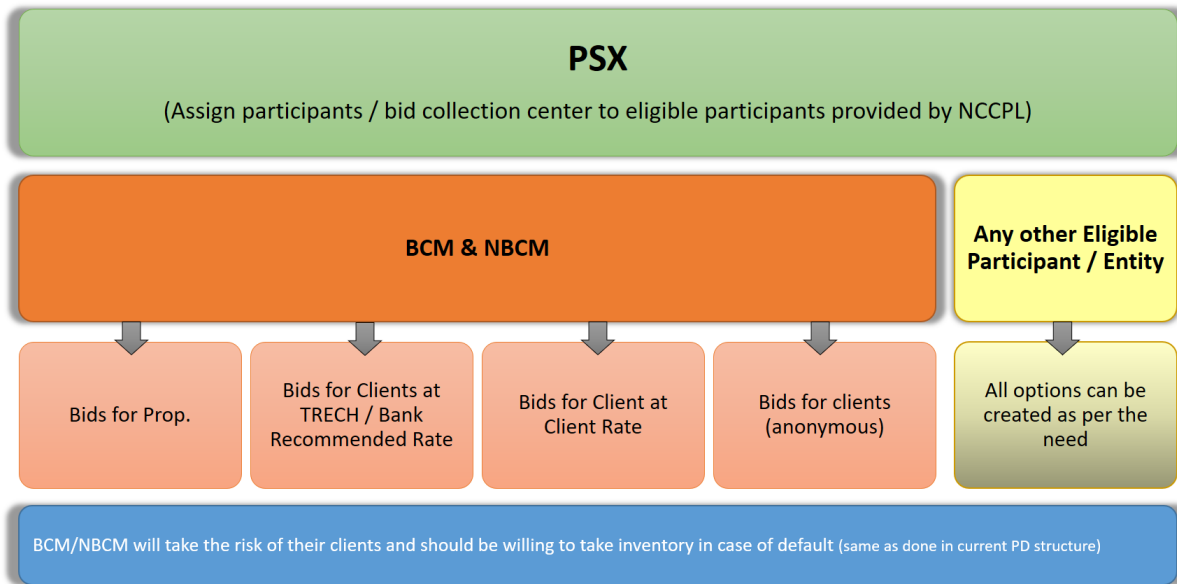
Participant Bid Screen

| Client List | Bid Window | Issue Details | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---------------------|--------------|-------------|-------|---------------|---------------------------------|-----------------|-------------|-------|---|------------|--|------------|--|-----|--|------------|--|--|--|------|-------------|----------|----------|-----------|---------|----------|--------|---|-------------------|---------------------------------------|------------|--------------|---------------------|------------|-------------------|------------|---------------------|-------|-------------------|-------|-------------------|------------|-----------------|------------|-------------------|-------|-----------------|-------|-------------|-------|---------------|--------|-----------|--------|-----------|--------|-------------|----------------|---------------|-----------|------------|----|---------------------|--------|
| Show 10 entries Search: <input type="text"/> Client 80085291-Ashar Showing 1 to 1 of 1 entries Previous 1 Next | <table border="1"> <thead> <tr> <th>Client Id</th> <td>80085291</td> <th>Client Name</th> <td>Ashar</td> </tr> </thead> <tbody> <tr> <td>Select Symbol</td> <td>1 Year Ijara Sukuk - Maturity C</td> <td>Select Bid Type</td> <td>Competitive</td> </tr> <tr> <td>Price</td> <td>0</td> <td>Bid Amount</td> <td></td> </tr> <tr> <td>Bid Amount</td> <td></td> <td>PIN</td> <td></td> </tr> <tr> <td colspan="4" style="text-align: right;">Bid</td> </tr> <tr> <td>Cash</td> <td>20000000.00</td> <td>Consumed</td> <td>17000000</td> </tr> <tr> <td>Available</td> <td>3000000</td> <td>Margin %</td> <td>100.00</td> </tr> </tbody> </table> | Client Id | 80085291 | Client Name | Ashar | Select Symbol | 1 Year Ijara Sukuk - Maturity C | Select Bid Type | Competitive | Price | 0 | Bid Amount | | Bid Amount | | PIN | | Bid | | | | Cash | 20000000.00 | Consumed | 17000000 | Available | 3000000 | Margin % | 100.00 | <table border="1"> <thead> <tr> <th>Issue Description</th> <td>1 Year Ijara Sukuk - Maturity 02Dec24</td> <th>Scrip Code</th> <td>P01GIS021224</td> </tr> </thead> <tbody> <tr> <td>Comp Bid Start Date</td> <td>2023-12-01</td> <td>Comp Bid End Date</td> <td>2023-12-01</td> </tr> <tr> <td>Comp Bid Start Time</td> <td>17:00</td> <td>Comp Bid End Time</td> <td>19:00</td> </tr> <tr> <td>NC Bid Start Date</td> <td>2023-12-01</td> <td>NC Bid End Date</td> <td>2023-12-01</td> </tr> <tr> <td>NC Bid Start Time</td> <td>17:00</td> <td>NC Bid End Time</td> <td>19:00</td> </tr> <tr> <td>Floor Price</td> <td>75.00</td> <td>Ceiling Price</td> <td>100.00</td> </tr> <tr> <td>Tick Size</td> <td>0.0001</td> <td>Board Lot</td> <td>100000</td> </tr> <tr> <td>Total Offer</td> <td>30000000000.00</td> <td>NCB Max Value</td> <td>500000000</td> </tr> <tr> <td>RMS Status</td> <td>No</td> <td>Minimum Order Value</td> <td>100000</td> </tr> </tbody> </table> | Issue Description | 1 Year Ijara Sukuk - Maturity 02Dec24 | Scrip Code | P01GIS021224 | Comp Bid Start Date | 2023-12-01 | Comp Bid End Date | 2023-12-01 | Comp Bid Start Time | 17:00 | Comp Bid End Time | 19:00 | NC Bid Start Date | 2023-12-01 | NC Bid End Date | 2023-12-01 | NC Bid Start Time | 17:00 | NC Bid End Time | 19:00 | Floor Price | 75.00 | Ceiling Price | 100.00 | Tick Size | 0.0001 | Board Lot | 100000 | Total Offer | 30000000000.00 | NCB Max Value | 500000000 | RMS Status | No | Minimum Order Value | 100000 |
| Client Id | 80085291 | Client Name | Ashar | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Select Symbol | 1 Year Ijara Sukuk - Maturity C | Select Bid Type | Competitive | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Price | 0 | Bid Amount | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bid Amount | | PIN | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bid | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 20000000.00 | Consumed | 17000000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Available | 3000000 | Margin % | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Issue Description | 1 Year Ijara Sukuk - Maturity 02Dec24 | Scrip Code | P01GIS021224 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Comp Bid Start Date | 2023-12-01 | Comp Bid End Date | 2023-12-01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Comp Bid Start Time | 17:00 | Comp Bid End Time | 19:00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NC Bid Start Date | 2023-12-01 | NC Bid End Date | 2023-12-01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NC Bid Start Time | 17:00 | NC Bid End Time | 19:00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Floor Price | 75.00 | Ceiling Price | 100.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tick Size | 0.0001 | Board Lot | 100000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Offer | 30000000000.00 | NCB Max Value | 500000000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RMS Status | No | Minimum Order Value | 100000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Annexure – C

Diagrammatic structure of PSX Auction System, Participants and Users (investors)

Client Creation



Annexure D

Draft of bid letter:

Annexure-A: PSX Notice. xx Dated December 4, 2023

Specimen Tender Form for Government of Pakistan Ijarah Sukuk

Dated: _____

The General Manager,
Pakistan Stock Exchange,
Karachi.

Dear Sir,

Tender for Sale of Government of Pakistan Ijarah Sukuk

Pursuant to the auction announcement published by the Pakistan Stock Exchange (PSX) on _____ for the sale of the GOE Ijarah Sukuk, we M/s _____ hereby apply for purchase of the same as per details given below:-

Maturity Period _____

| Sr. No. | Amount in Rs.(Face Value) | Bid Price in Rs. Per Rs.100/- (up to four decimal points) |
|---------|---------------------------|--|
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |

On acceptance and settlement, please credit our Investor Portfolio Securities (IPS) with the face value of the Government of Pakistan Ijarah Sukuk.

Yours faithfully,

For _____ For _____
Authorized Signature Authorized Signature

Name _____ Name _____
With Seal/Rubber Stamp With Seal/Rubber Stamp

Annexure-B: PSX Notice No. xx Dated December 4, 2023

**Tender Form
(Non-Competitive Bid)**

Dated: _____

The General Manager,
Trading & TREC Affairs Department,
Pakistan Stock Exchange,
Karachi.

Placement of Non-Competitive Bids for Government of Pakistan Ijarah Sukuk

Pursuant to the auction announcement notice published by the Pakistan Stock Exchange on _____ for the sale of GOE Ijarah Sukuk, we M/s _____ apply for purchase of GOE Ijarah Sukuk as follows:

Maturity Period: _____

| Sr. No. | Name of Investor/Purchaser | Amount of purchase Rs. (Face Value) |
|---------|----------------------------|-------------------------------------|
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |

Signature
(Name of an authorized Signatory with Stamp)

Annexure E

The details of Eligible Participants and Applicable Advance against bids.

1. The Auction Participants, admitted with NCCPL as Clearing Members (other than Banks and CIS) shall deposit the full amount in cash as advance against the bid;
2. The Auction Participants that are banks and collective investment schemes admitted with NCCPL as Non-broker Clearing Members, shall deposit the amount of advance against the bid amount in the form of Standing Instruction (SI) or Irrevocable Undertaking (IUT). Detailed procedures are explained in Annexure “F”.

Annexure F:

NCSS PROCEDURES FOR GOVERNMENT DEBT SECURITIES (GDS)

1. REGISTRATION OF ELIGIBLE PARTICIPANT AND PASSING ON ITS INFORMATION TO PSX:

- a. The Eligible Participant / Clearing Members (CM) desirous of participating in the upcoming auction shall be required to sign-up to act as Auction Participant in the prescribed manner With NCCPL in accordance with the DTS.
- b. The sign-up document shall be made available by the NCCPL on its website (format is attached) and can be provided on the request of the CM.
- c. The sign-up document provided shall form part of the Tripartite Agreement executed among the CM, NCCPL and the Settlement Bank.
- d. Once a duly filled sign-up form is received by the NCCPL the same shall be processed and the CM shall be informed about its status of acceptance.
- e. The NCCPL shall pass on these details to the PSX for set-up in accordance with the Joint Procedures.

2. COLLECTION OF ADVANCES AGAINST BID AMOUNT FROM ELIGIBLE PARTICIPANTS:

- a. Every eligible participant shall deposit the advance against bid amount in accordance with the manner prescribed in the NCCPL Regulations and Joint Procedures. The NCCPL shall make available a detailed report in NCSS showing the advance against the bid amount deposited with the NCCPL by the Eligible participant. This report shall be available to all Auction Participant.
- b. The Auction Participants, other than banks and collective investment schemes, shall deposit the amount of advance against the bid in cash as follows:
 - (i) The Participant shall deposit full cash against the bid amount that it intends to submit with the PSX.
 - (ii) The cash shall be deposited in the same account of the NCCPL maintained in the Designated Branch of the Settling Banks used by the CMs currently for depositing the margins and MtM losses where the CMs shall also has a Designated Settling Bank Account, as per Designated Time Schedule (DTS).
 - (iii) As another option, exercisable only by close of business till A-1, the Auction Participant can also deposit their cash in other settling banks and after depositing the amount, the posted deposit slip (duly signed & verified by the Settling Banks) shall be submitted to the NCCPL on the same date. The value of cash deposit against the bid amount shall be entered through the Cash Entry interface available in Collateral Management System (CMS) by the NCCPL.
 - (iv) The NCCPL shall distribute among the relevant Auction Participants, the return earned from the Settling Banks where the Cash has been deposited by such CMs against their advance against the bid. Provided that such return shall be restricted only to the rates of return offered

- by such Settling Banks to the NCCPL subject to the service charges set out by the Company from time to time. Such rates of return along with the said service charges shall be disclosed to CMs by the NCCPL from time to time.
- (v) Auction Participant can also deposit cash in the NCCPL's Designated Settling Bank Account directly through an interface made available by the NCCPL to CMs and Settling Banks as per the mechanism notified by the NCCPL from time to time.
 - (vi) The details of advance submitted by the Auction Participants with the NCCPL shall be disseminated to PSX in accordance with the manner prescribed in these Joint Procedures.
 - (vii) The Auction Participant shall be eligible to submit bids to the extent of advance deposited against the bid, all bids exceeding the advance against the bid shall be rejected as per the mechanism prescribed in these joint procedures.
- c. The Participants that are banks and collective investment schemes, shall deposit the amount of advance against the bid amount in the form of Standing Instruction (SI) or Irrevocable Undertaking (IUT) as the case may be as follows:
- (i) The SI or the IUT shall be submitted by the bank or the collective investment scheme through its trustee respectively as per the format prescribed by the NCCPL within the DTS before the commencement of the auction.
 - (ii) The NCCPL shall provide the format of the SI and IUT on its website and hard copy can also be provided on request.
 - (iii) The SI and the IUT shall be signed by the authorized signatories of the bank or the trustee/ AMC as the case may be.
 - (iv) The NCCPL shall review the documents and process the SI or IUT on the date of submission and shall make deposit entry in the respective Auction Participant's account in the CMS maximum by the next working day.
 - (v) The Auction Participants shall notify the NCCPL Fifteen Business Days prior to the revocation of the SI or IUT. Accordingly, the NCCPL shall take into account the values of such SI or IUT up to seven Business Days prior to its revocation date and notify the same to the respective Auction Participant.
 - (vi) The NCCPL may prescribe limits as to the amount of SI based on certain credentials such as financial standing, credit rating, operational history of the banks. Further similar, conditions may also be applied by the NCCPL with respect to IUT accepted from the CIS to determine the limit as to the amount of IUT.
 - (vii) These conditions, when applied in terms of SI and IUT shall be notified by the NCCPL to the participants and reasonable time will be allowed before implementing the same.

3. CASH COLLECTION FROM THE PARTICIPANTS AGAINST THE ACCEPTED BIDS:

- a. The NCCPL, based on the information passed on to it by the PSX in accordance with these Joint Procedures, shall collect the amount against successful bids from the Auction Participants as follows:
 - (i) A final collection report shall be made available in the NCSS showing the money obligation with respect to accepted bids, this report will be made available on the day of Auction (A) or before opening of the market on A+1. This report will be available to both Auction Participants and the designated branches of the settlement banks.
 - (ii) On the basis of the final collect report on A+1, each Designated Branch of Settling Banks shall be required to debit its customer Auction Participant's' settling accounts with the amounts and credit the NCCPL's settling account with the same amounts within Designated Time as per DTS.
 - (iii) On the basis of collections as per Final Collection Report, the Designated Branch of the relevant Settling Bank shall be required to confirm collections (either fully or partially) through Provisional Collect screen on NCSS within Designated Time as per DTS.
 - (iv) This confirmation process will also update final collection report on real time basis.
 - (v) The Auction Participants that have deposited the advance against the bid amount in cash, shall not be required to make remaining payment in terms of their accepted bids.

4. REFUND OF CASH TO PARTICIPANTS AGAINST THE REJECTED BIDS:

- a. The NCCPL, based on the information passed on to it by the PSX in accordance with these Joint Procedures, will refund the amount against unsuccessful bids to the Auction Participants on A+1.

5. REPORTING OF CASH COLLECTION TO THE PSX AND DEPOSITORY:

- a. After completion of the cash collection / refund process as per the DTS on A+1, the NCCPL shall proceed to share the information of such collection with the PSX and Central Depository Company (CDC) in accordance with the manner prescribed in these Joint Procedures.
- b. The CDC shall proceed to credit the GDS in the proprietary or client account maintained in the Central Depository System (CDS) as per the mechanism and within the time period prescribed in the Joint Procedures.

6. PAYMENT OF CASH COLLECTED TO MINISTRY OF FINANCE (MOF):

- a. The MoF shall share the details of its account maintained with the State Bank of Pakistan (SBP) with the NCCPL as per the mechanism agreed in the Joint Procedures.
- b. The NCCPL on completion of the cash collection as per the DTS, shall move all the collected funds from the designated branches of its settlement banks to its account maintained with the SBP using

the Real Time Gross Settlement System (RTGS) batch processing facility available with the NCCPL as per the designated time.

- c. Once the complete amount is transferred in the NCCPL's account maintained with SBP, the NCCPL using the RTGS batch processing facility and the account details of MoF, shall proceed to transfer the amount in the MoF account with the SBP within the designated time.
- d. On successful transfer of the amount, the NCCPL shall proceed to provide fund transfer confirmation to MoF in such mode and manner as prescribed in the Joint Procedures.

7. ROLL-OVER FACILITY FOR THE PARTICIPANTS AND ITS CLIENTS:

- a. Roll-over facility shall be provided by the Auction Participants to its customers for GDS in accordance with the manner prescribed in the Joint Procedures.
- b. The NCCPL shall provide a roll-over option in its UIN registration screen for the Auction Participants and its Customers.
- c. The Auction Participant, when registering the UIN of a client may select the option of the roll-over facility in the NCSS UIN registration Screen. For existing Customers, the UIN details could be updated in NCC UIN registration screen.
- d. The NCCPL shall provide a report in the NCSS to every Auction Participant showing the UINs for which the roll-over option is selected and the amount invested in GDS.
- e. The Auction Participants and their customers to the extent of the amount becoming available on maturity of the GDS, net of all taxes and charges, shall not be required to deposit advance against the bid amount, which under all circumstances, shall not exceed the amount becoming due on maturity.
- f. The amount becoming due on maturity of the GDS shall be updated by the NCCPL in the NCSS report showing advance against the bid amount on AC-1, and the Participant can enter bid in accordance with the manner explained in these Joint Procedures.
- g. The roll-over option as explained in these Joint Procedures, shall only be applicable in case of simultaneous maturity and issuance of new GDS i.e. the payment against the maturing GDS and for new GDS are required to be made on the same date. Further, the NCCPL shall only be able to roll-over the entire amount becoming available on maturity and partial roll-over shall not be processed. In all other cases the roll-over option provided to its customers by the Auction Participant shall be dealt with between the Auction Participant and its Customer in accordance with applicable rules and regulations of the PSX.
- h. Roll-over option shall be perpetual and can be revoked any time before the Auction date by unmarking the option utilizing the NCSS UIN registration Screen.

8. PROFIT ON ADVANCE AGAINST BID AMOUNT DEPOSITED IN CASH:

- a. The NCCPL shall distribute among the relevant Auction Participant, the profit earned from the Settling Banks where the advance against bid in cash has been deposited by such Participant.
- b. The profit on cash advance deposited against the bid amount shall be restricted only to the rates of return offered by such Settling Banks to the NCCPL subject to the service charges set out by the NCCPL from time to time.
- c. The rate of profit along with the said service charges shall be disclosed to Auction Participant by the NCCPL from time to time.
- d. The amount shall be paid after the end of the month during which the auction took place as per the existing mechanism through the settling banks. The entire amount of profit shall be paid by the NCCPL to the Auction Participant and any further distribution to its customers shall be carried out by the Auction Participant itself based on applicable rules and regulations prescribed by the PSX.

9. PROFIT/RENTAL PAYMENT ON GDS:

a. Coupon Bearing GDS:

- (i) The NCCPL shall be responsible for making the payment of the profit/rental income becoming due to CM and its customers using its existing mechanism.
- (ii) The PSX shall announce the Shut Period (SP) in consultation with MoF with respect to coupon bearing GDS in accordance with the manner prescribed in the Joint Procedures.
- (iii) At the close of the Business day on SP-1, the CDC shall provide the details of the GDS holders to the NCCPL in such mode and manner as agreed in the Joint Procedures.
- (iv) The NCCPL, based on the information provided by the CDC, shall proceed to pay the amount of profit to GDS holders that are CM and / or its clients as follows:
 - 1)The amount of total profit/rental income to be distributed to GDS holders shall be disseminated to MOF and SBP on SP+1 in accordance with the manner prescribed in the Joint Procedure.
 - 2)The MoF shall instruct the SBP to transfer the total amount of profit/rental income in the NCCPL account maintained with the SBP on SP+2.
 - 3)The NCCPL, preferably on SP+2 or on SP+3 shall transfer the profit/rental income to respective GDS holder, using its IBAN provided to the NCCPL by CDC through SBP's RAAST multiple batch processing facility as per the DTS.
 - 4)On successful completion of the profit /rental income transfer, the NCCPL shall send a SMS/Email on the mobile number and / or email address of the GDS holder provided to the NCCPL as part of its UIN registration or made available by CDC as the case may be.
- (v) The NCCPL shall withhold the tax on the amount of profit/rental income before distribution in accordance with Income Tax Ordinance, 2001 and the Income Tax Rules.

- (vi) The CM/ its customers that are exempt from such withholding tax shall be required to provide the relevant exemption to the NCCPL at least 10 Business Days before the commencement of the SP.
 - (vii) The NCCPL shall provide withholding tax certificates or such other document as prescribed under applicable rules and regulations to the CM or its Customer evidencing the payment of withholding tax on the profit/rental income paid with respect to GDS.
- b. Discounted GDS:
- (i) The payment of profit/rental income in terms of GDS issued at discount shall be distributed along with the maturity payment in the same manner prescribed herein above after deduction of applicable withholding taxes.
- c. GDS disposed before maturity:
- (i) The NCCPL shall deduct withholding tax as per the applicable rules and in the manner prescribed in NCSS Procedures with respect to the accrued rental income/markup included as part of the Settlement Value. The settlement of all trades and transactions executed in the GDS Market shall be carried out net of withholding tax on the Settlement Day.
 - (ii) The NCCPL as prescribed in NCSS Procedures shall also provide withholding tax certificate to the CM and its Client with respect to GDS disposed during a period.

10. PAYMENT ON MATURITY OF GDS:

- a. The NCCPL shall be responsible for making the payment to CM and its customers using its existing mechanism.
- b. The NCCPL shall on close of the Settlement Day of the last date of trading in GDS before its maturity as prescribed by the PSX, obtain from CDC the details of the GDS holders in such mode and manner as agreed in the Joint Procedures.
- c. The NCCPL shall pass on the complete details of the amount becoming due on maturity to the PSX and MoF at least one day before the Maturity date based on the final date of trading in GDS before its maturity as prescribed by the PSX.
- d. The NCCPL, based on the information provided by the CDC, shall proceed to pay the amount becoming due on maturity of GDS to GDS holders that are CM and / or its clients as follows:
 - i. The amount to be paid to GDS holders shall be disseminated to MOF and SBP one day before the maturity date of GDS in accordance with the manner prescribed in the Joint Procedure.
 - ii. The MoF shall instruct the SBP to transfer the total amount of profit in the NCCPL account maintained with the SBP on maturity date within the designated time.

- iii. The NCCPL, on maturity date, shall transfer the amount to respective GDS holder, using its IBAN provided to the Company by CDC through SBP's RAAST multiple batch processing facility as per the designated time schedule.
- iv. On successful completion of the maturity amount, the NCCPL shall send a SMS/Email on the mobile number and / or email address of the GDS holder provided to the Company as part of its UIN registration or made available by CDC as the case may be.
- e. The NCCPL shall withhold the tax on the amount of profit included as part of the maturity amount before payment in such manner as prescribed herein above.

11. Miscellaneous:

- a. All provisions prescribed in NCSS Procedures and NCCPL Regulations for Trade for Trade clearing, settlement, risk management and close out shall also be applicable to GDS Market.
- b. The provisions stipulated in NCSS Procedures and NCCPL Regulations with respect to determination, computation and collection of Capital Gain Tax (CGT) shall also be applicable for GDS Market. The CGT on disposal of GDS shall be computed after excluding the amount of profit accrued thereon from the date of purchase to the date of disposal.