



National Clearing Company of Pakistan Limited

ENSURING EFFICIENCY & RISK
MANAGEMENT IN THE CAPITAL
MARKETS

Presented by:
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Operational & Product Excellence

Clearing & Settlement Services

Institutional Delivery System

Leveraged Market Products

Unique Identification Number

Digital on-Boarding of Investors

Risk Management

Capital Gain Tax System

Special Purpose Primary Dealer

NCCConnect App & WhatsApp Service

Clearing & Settlement Services

NCCPL has developed an automated system for Clearing and Settlement Services, titled as NCSS, for all trade/ transactions executed at PSX.

Key features:

Settlement is based on Delivery Vs Payment

NCSS is integrated with PSX, CDC and Settlement banks

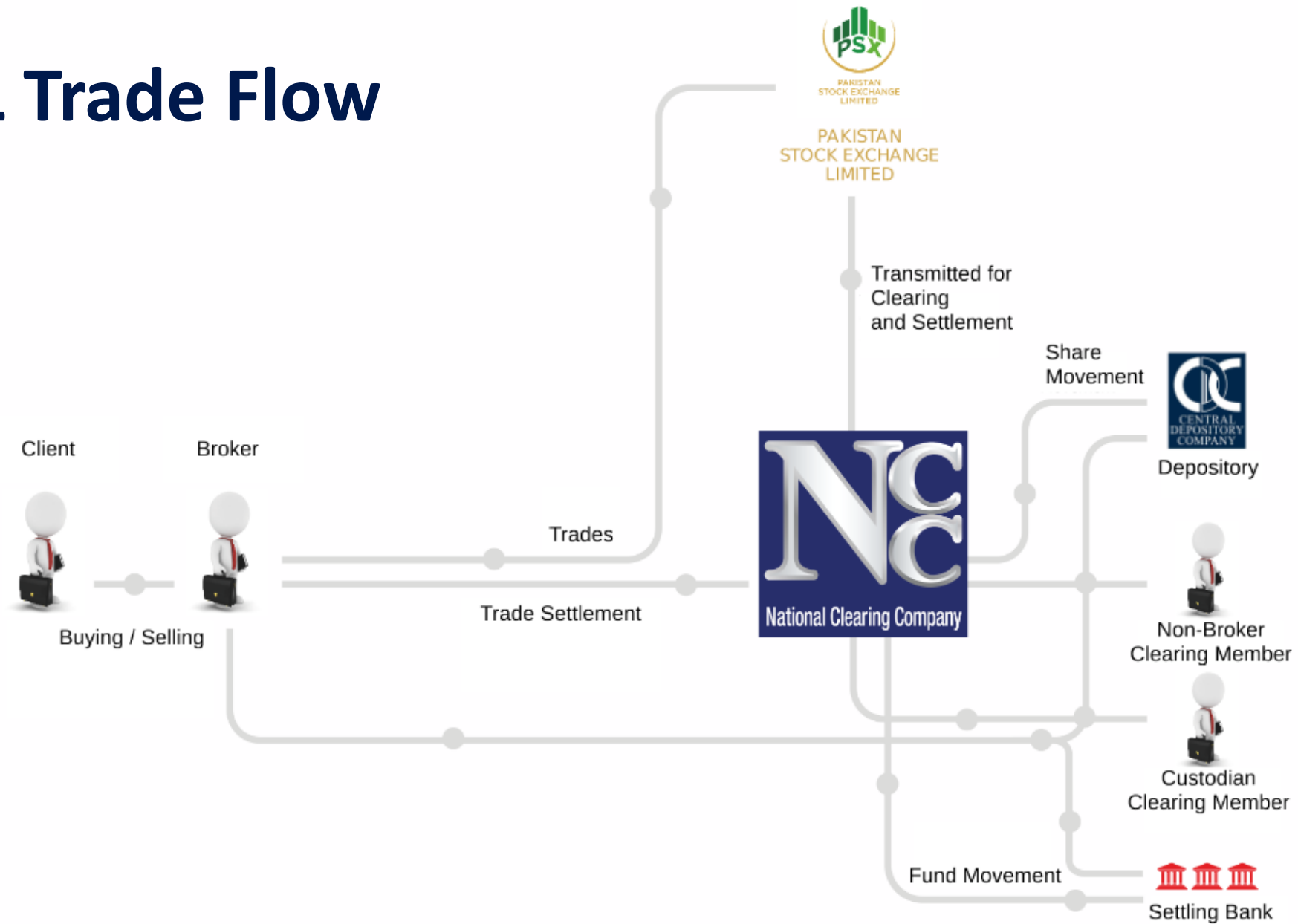
Money obligation is handled through Automated Pay & Collect settlement system deployed through NCSS terminals with all commercial banks.

Securities Settlement is handled through an automated straight-through-Process via CDS mechanism

Institutional Delivery System (IDS)

- IDS is an exclusive functionality developed for eligible entities admitted as Non-Broker Clearing Members (NBCM) and Custodian Clearing Members (CCM).
- The IDS functionality facilitates NBCMs & CCMs to execute direct settlement of trades/transactions with NCCPL.
- The IDS functionality is auto-initiated when a Securities Broker initiates trade/transaction on behalf of NBCM/CCM.
- The settlement obligation shifts from Securities Broker to NBCM & CCM immediately on affirmation.
- The pre-trade /exposure margins are released simultaneously which enhances trading capacity of Security Brokers.

NCCPL Trade Flow



Unique Identification Number (UIN)

- NCCPL has provided a centralized mechanism for registration of investors in NCSS.
- The UIN system maintains a traceable link for each trade executed at PSX and is widely used for surveillance.

UIN Statistics of last 5 years

Particulars	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Dec-23
Total No. of UINs registered	230,182	231,735	257,714	279,522	302,761	313,896

Digital On-Boarding of Investors

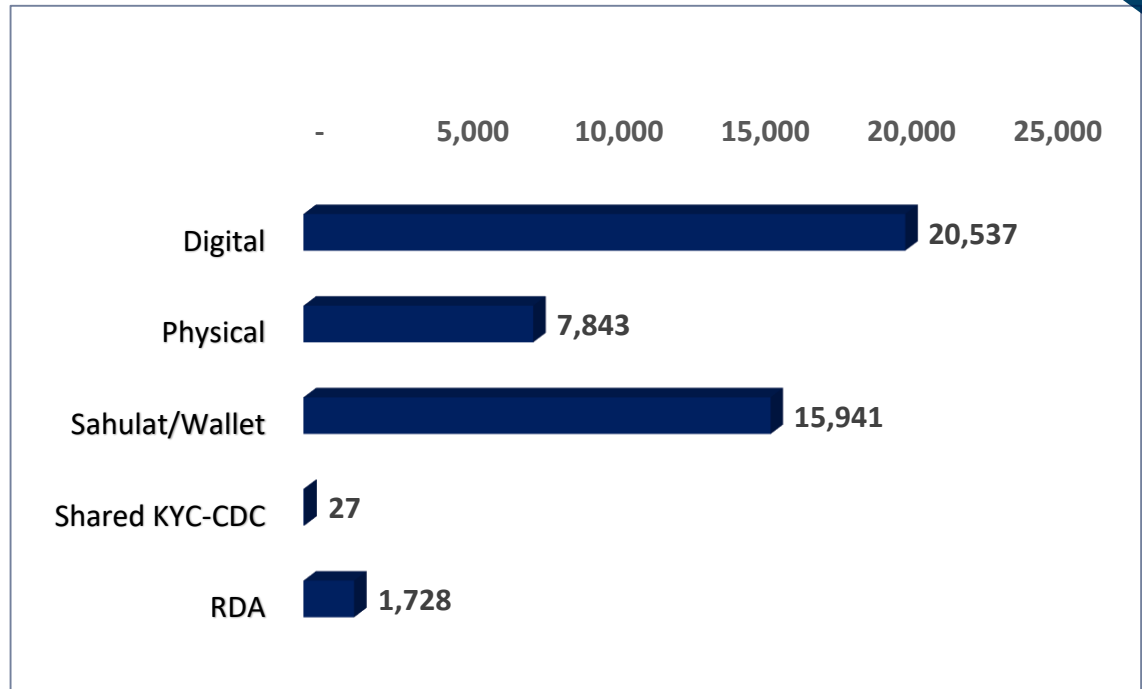
- NCCPL digitized on-boarding process for PSX investors in **January 2021**.
- NCCPL digitized on-boarding process for PMEX investors in **February 2022**.
- **86 brokers** of PSX are providing digital on-boarding facility.
- On-boarding mechanism has changed geographical base of investors. Around **55% investors** boarded through remote cities
- A gradual shift toward digital process has been witnessed. Since January 2022, in excess of **70% investors** are using digital on-boarding

Digital On-Boarding of Investors

Geographical Distribution

Particulars	FY 2022-23
Karachi	10,847
Lahore	6,169
Islamabad	2,119
Other Cities	25,213
Roshan Digital Accounts (RDA)	1,728
Total UIN Registered	46,076

Mode of Opening



Leveraged Market Products

In order to generate liquidity in the capital markets of Pakistan, NCCPL being authorized intermediary is offering following leveraged products under the Securities (Leveraged Market and Pledging) Rules, 2011:

Margin Trading System

Margin Financing System

Murabaha Share Financing System

Securities Lending and Borrowing System

Risk Management & Central Counter Party

- NCCPL has assumed the role of a Central Counter Party (“CCP”) whereby it interposes between transacting counter-parties to guarantee execution of the transactions.
- NCCPL has also developed a centralized and robust Risk Management System for the capital market trades that are executed and settled by the Clearing Members
- NCCPL, in its role as CCP, has established a well funded and liquid Settlement Guarantee Fund (“SGF”). The current SGF size amounts to **Rs. 6.0 billion approx.**
- Key components of RMS Regime implemented by NCCPL include:
 - Collection of Margins & Marked to Market losses
 - Client level margining regime
 - Monitoring & maintenance of Capital Adequacy requirement
 - Monitoring of position limits
 - Collateral management

Capital Gain Tax Regime

- NCCPL has been mandated by FBR to compute, determine, collect and deposit CGT on disposal of listed securities.
- NCCPL has developed an automated system, integrated with NCSS, CDS and PSX to perform CGT computation for PSX trades.
- The CGT regime was implemented in **2012** for local investors & foreign individual investors.
- The CGT regime was extended in tax year **2015** to foreign institutional and thereafter in tax year **2017**, the unit holders of CIS and PMEX investors were included .
- CGT system also accounts for all admissible capital losses carried forward from previous years.
- The CGT certificates/ Reports are issued digitally through different medium including WhatsApp or mobile app.
- NCCPL issues Annual Certificates to investors which is construed as conclusive evidence of capital gain and tax thereon.

Applicability of section 37A (CGT) for IPO

Under Finance Act, 2023, the disposal of shares through initial public offer during listing process by sponsor shareholders will be covered under section 37A where the detail of such disposal is furnished to NCCPL for computation of capital gain and tax.

Benefits

- Under section 37A of the Income Tax Ordinance, 2001 (“Ordinance”), maximum tax rate of 15% is applicable on disposal where securities are acquired after July 1, 2013 whereas 0% tax rate is applicable on securities acquired before July 1, 2013.
- Under section 37 of the Ordinance, maximum tax rate of 35% is applicable on disposal.

Applicability of section 37A (CGT) for IPO-cont.

How to avail the benefits?

The Book Runner, as defined under Initial Public Offering Regulations, 2017, shall submit the following information to NCCPL :

- Inform the IPO price and number of shares offered for sale by sponsors along with their face value.
- After conclusion of book building process, intimate the amount of subscription money and number of shares disposed by each sponsor in the IPO process.
- The Book Runner shall withhold CGT amount, as advised by NCCPL, from the subscription money and deposit it with NCCPL.
- Any other information as required by NCCPL for the purpose of computation, determination and collection of CGT arising on disposal of shares through IPO by sponsor shareholders.

Special Purpose Primary Dealer

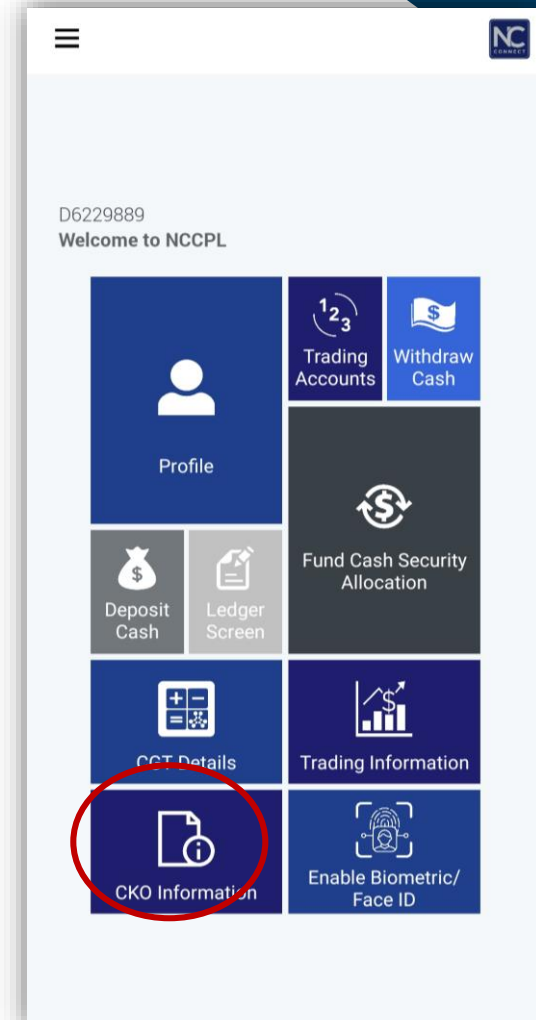
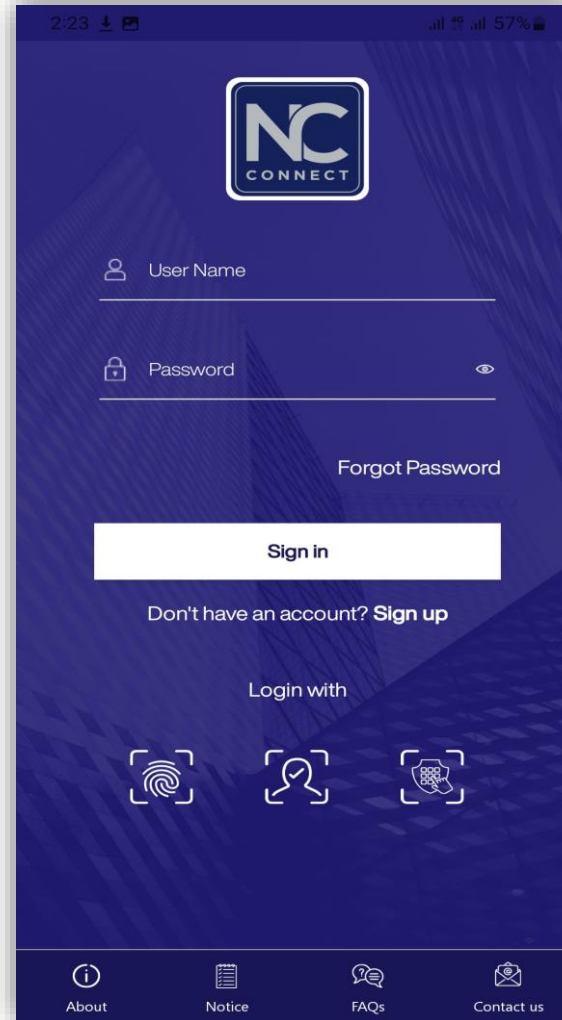
- NCCPL is a direct participant and special participant of SBP RTGS.
- Participation of capital market /retail investors in Government Debt Securities (“GDS”) is limited despite the fact that Government Securities Market in Pakistan is well established.
- SBP, with the objective to attract retail /capital market investors in the GDS Market and to enhance liquidity and transparency, introduced a new category of primary dealers under the title of Special Purpose Primary Dealers.
- NCCPL, through its SPD status, assist in mobilizing savings of retail investors in general and capital market investors in particular towards GDS, through non-competitive and pass-through bids.

NCCConnect App

- NCCPL recently launched NCCConnect App
- Registration through CNIC and OTP mechanism

Key features

- Face ID/Biometric based sign in
- Pin-based Authentication
- Trading Account details
- Trading details
- CGT details
- CGT Annual Tax Certificate
- CKO Information

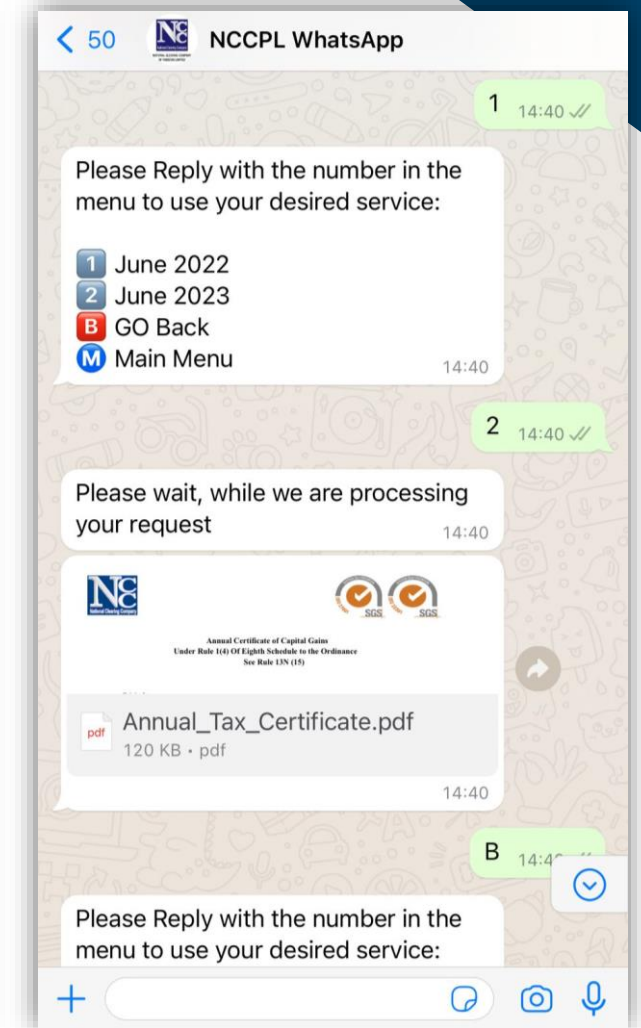
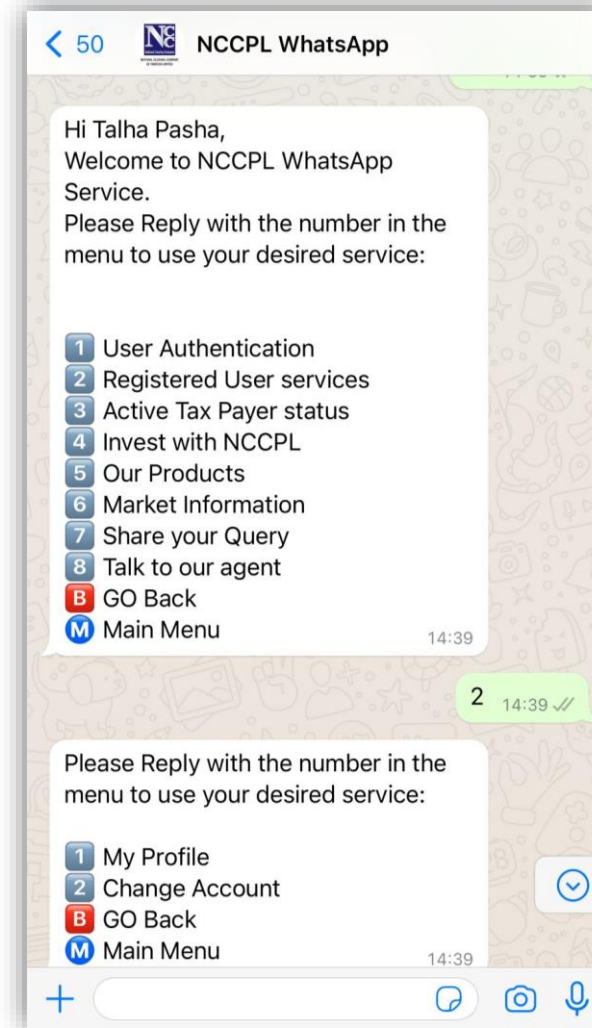


WhatsApp Service

- NCCPL recently launched WhatsApp Service
- Connect on WhatsApp through NCCPL UAN Number **(021-111-111-622)**

Key features

- CGT details
- CGT Annual Tax Certificate
- Product information
- CKO information
- Share Query/ Talk to Agent (live)





Thank You!

www.nccpl.com.pk

