

The average daily trading volume increased to 602 million shares during July to March in fiscal year 2024, compared to 204 million shares during the same period last year. As of March 31, 2024, there were 524 listed companies with

a total listed capital of Rs 1,673 billion and a market capitalization of Rs 9,448 billion. The details of PSX from FY2020 to March 2024 are presented in Table 6.1.

Table 6.1 Profile of the Pakistan Stock Exchange

	FY2020	FY2021	FY2022	FY2023	FY2024 Jul-Mar
Total No. of Listed Companies	531	532	530	524	524
Total Listed Companies' Capital (Rs billion)	1,421.09	1,442.64	1,525.90	1627.17	1,673.00
Total Market Capitalization (Rs billion)	8,035.36	8,297.31	6,956.51	6,369.47	9,447.69
New Companies Listed during the year	3	5	5	4	4
Average Daily Traded Volume-Ready + Futures (Shares in millions)	323.5	527.5	408.0	273.0	602.2
Total Volume Traded (in millions)	108,426	131,354	101,657	67,199	113,184

Source: Pakistan Stock Exchange

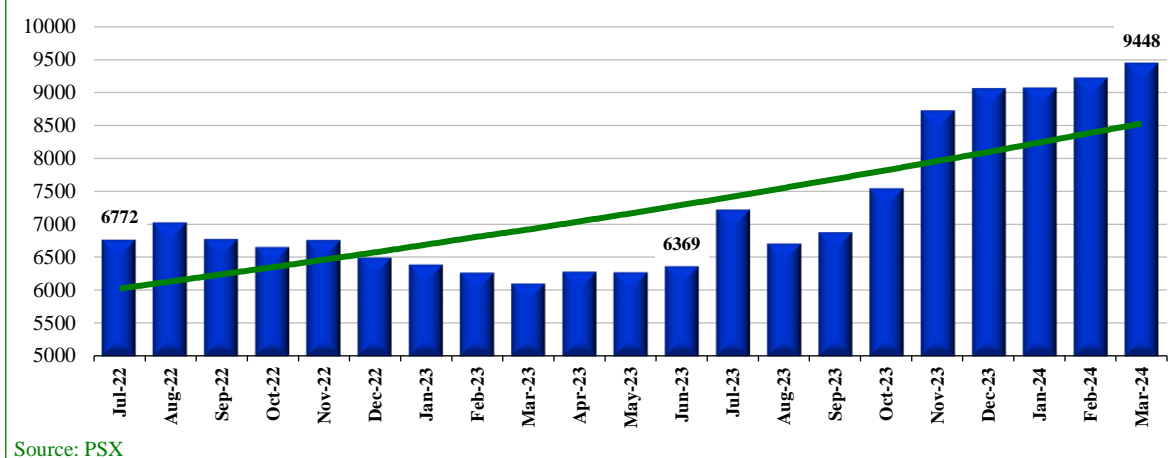
Table 6.2 presents the month-wise performance of the KSE-100 index, market capitalization, and share turnover. The turnover peaked in December 2023, indicating that investors were

actively investing and participating in trading activities. However, the volume decreased after December owing to high stock values.

Table 6.2: Month-wise performance of the KSE-100 Index

Months	2022-23			Months	2023-24		
	KSE 100 index	Total Market Capitalization (Rs billion)	Turnover in shares (billion)		KSE 100 index	Total Market Capitalization (Rs billion)	Turnover in shares (billion)
Jul-22	40,150.36	6,771.94	2.62	Jul-23	48,034.60	7,231.76	7.68
Aug-22	42,351.15	7,034.96	6.86	Aug-23	45,002.42	6,715.88	6.54
Sep-22	41,128.67	6,782.04	3.84	Sep-23	46,232.59	6,885.57	3.20
Oct-22	41,264.66	6,663.36	5.81	Oct-23	51,920.27	7,551.77	7.93
Nov-22	42,348.63	6,768.15	4.28	Nov-23	60,531.27	8,729.52	13.74
Dec-22	40,420.45	6,500.83	3.99	Dec-23	62,451.04	9,062.90	20.61
Jan-23	40,673.06	6,394.03	3.89	Jan-24	61,979.18	9,073.76	11.29
Feb-23	40,510.37	6,272.51	3.52	Feb-24	64,578.52	9,225.16	6.64
Mar-23	40,000.83	6,108.17	3.67	Mar-24	67,005.11	9,447.69	7.29
Apr-23	41,580.85	6,289.90	1.93				
May-23	41,330.56	6,277.07	3.55				
Jun-23	41,452.69	6,369.47	3.21				

Source: Pakistan Stock Exchange

Fig-6.2: Total Market Capitalization July-March FY2024 (Rs billion)


The total funds mobilized in the Pakistan Stock Exchange between July 2023 and March 2024 amounted to Rs 18,911 million, compared to Rs 35,440 million in the corresponding period last year. The significant difference is due to the debt amount issued, which was Rs 4,500 million during the July-March FY2024 period compared to Rs 29,473 million in the same period of FY2023.

6.1-b Sector-wise Market Capitalization at Pakistan Stock Exchange

The PSX's market capitalization was recorded at Rs 6,369 billion on 30 June 2023 and closed at Rs 9,448 billion on 31 March 2024, reflecting an increase of 48.3 percent. It gained Rs 3,079 billion in the period under review. Sector-wise details are given in Table 6.3.

Table 6.3: Sector-Wise Market Capitalization

Sectors	Market Cap End June 2023 (Rs million)	Market Cap End March 2024 (Rs million)	% Change
Commercial Banks	1,011,875.8	1,787,203.4	76.6
Oil & Gas Exploration Companies	812,491.7	1,273,124.7	56.7
Food & Personal Care Products	690,461.1	809,795.3	17.3
Fertilizer	473,148.7	684,306.8	44.6
Cement	444,827.5	604,365.4	35.9
Chemical	479,041.7	562,040.7	17.3
Automobile Assembler	231,338.3	431,357.2	86.5
Power Generation & Distribution	215,713.5	380,524.8	76.4
Textile Composite	248,139.0	352,151.9	41.9
Tobacco	212,220.9	332,583.5	56.7
All Others	1,550,214.4	2,230,240.7	43.9
Total	6,369,472.6	9,447,694.4	48.3

Source: PSX

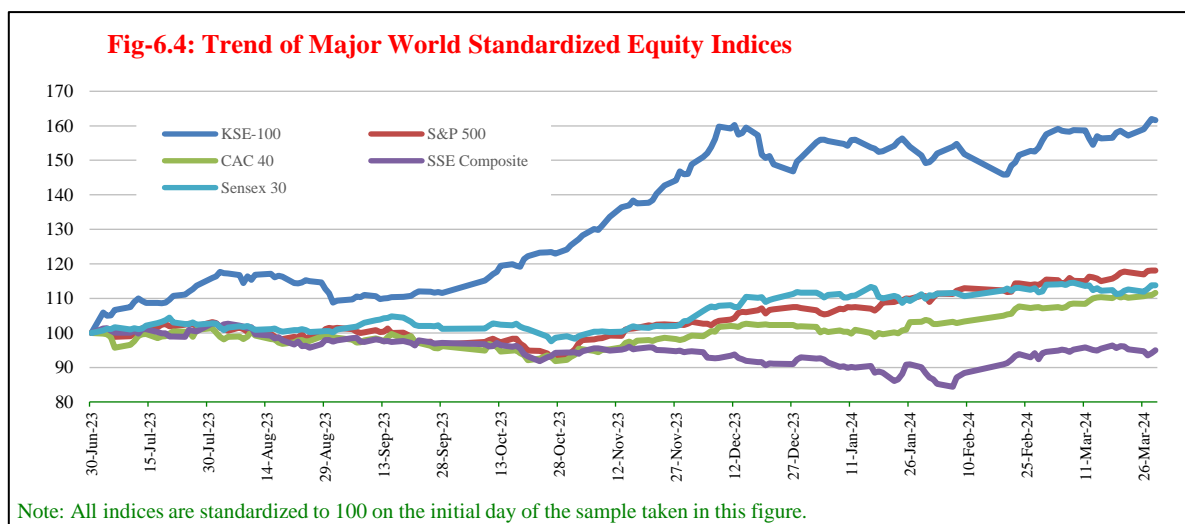
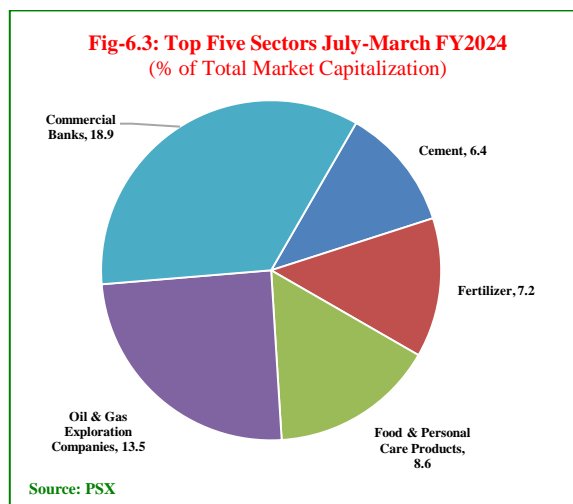
Concerning the size of market capitalization, the top five sectors are presented in Figure 6.3. As evident from the figure, Commercial Banks dominate the overall market capitalization of PSX with a share of 18.9 percent, followed by Oil & Gas Exploration Companies with 13.5

percent, Food & Personal Care Products at 8.6 percent, Fertilizer at 7.2 percent, and Cement at 6.4 percent. Moreover, the market capitalization of these five sectors consists of 54.6 percent of the total market share.

6.1-c Trend in Global Equity Markets

The performance of major world stock markets for the first nine months of FY2024 is depicted in Figure 6.4, all markets revealed a positive trend except the Shanghai Stock Exchange (SSE) Composite Index, primarily the property sector crisis in China, which dented the investors' sentiments. While analyzing the other global indices, the KSE-100 index reflects a significant increase (62 percent) during July-March FY2024 compared to other indices. This confidence indicates positive market sentiments and investors' trust in the Pakistan Stock Exchange mainly because of the successful IMF program under the Stand-by Arrangement (SBA), which encouraged the performance of

the external sector and the formation of a new political government.



6.1-d Performance of Major Asian Markets

The performance of major Asian stock market indices presents a diverse situation from the end of June 2023 to the end of March 2024 (Figure 6.5 & Table 6.4). KSE-100 remained the most attractive market for investors as it reflects an unprecedented increase of 61.6 percent followed by VN30 Index of Vietnam (15.5 percent), BSE Sensex 30 Index of India (13.8 percent), Kuala

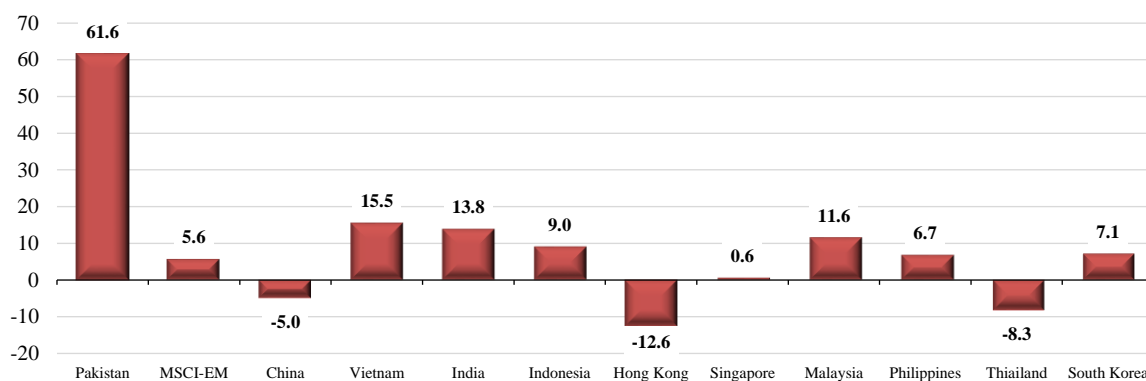
Lumpur Composite Index of Malaysia (11.6 percent), Jakarta Stock Exchange Composite Index of Indonesia (9.0 percent), Korean Composite Stock Price Index of South Korea (7.1 percent), PSEi Composite of Philippines (6.7 percent) and FTSE Straits Times of Singapore (0.6 percent). The decline has been observed in the Hang Seng of Hong Kong, Thailand's SET Index, and China's Shanghai Composite.

¹ S&P 500 is a stock market index tracking the performance of 500 large companies listed at the US stock exchange.
 SSE Composite index is a stock market index of all stocks that are traded at the Shanghai Stock Exchange.
 Sensex 30 is a free-float market-weighted stock market index of 30 well established companies on the Bombay Stock Exchange.
 The CAC 40 is a benchmark French stock market index, represents a capitalization-weighted measure of the 40 most significant stocks among the 100 largest market caps on the Euro next Paris.
 The KSE-100 index is a stock market index acting as a benchmark to compare prices on the Pakistan Stock Exchange over a period.

Table 6.4: Performance of Major Asian Stock Market Indices (July-March FY2024)

Country	Index	Index On 30.06.2023	Index On 31.03.2024
Pakistan	KSE-100 Index	41452.7	67005.1
MSCI-EM	MSCI Emerging Market Index	989.5	1045.1
China	Shanghai Composite	3202.1	3041.3
Vietnam	VN30 Index	1123.1	1296.9
India	BSE Sensex 30	64718.6	73651.4
Indonesia	Jakarta Stock Exchange Composite Index	6661.9	7262.5
Hong Kong	Hang Seng	18916.4	16541.4
Singapore	FTSE Straits Times	3205.9	3224.0
Malaysia	Kuala Lumpur Composite Index	1376.7	1536.1
Philippines	PSEi Composite	6468.1	6903.5
Thailand	SET Index	1503.1	1377.9
South Korea	Korean Composite Stock Price Index - KOSPI	2564.3	2746.6

Fig-6.5: Asian Stock Market Indices Growth: July-March FY2024 (%)



Source: PSX & Investing.com

6.2 Debt Markets

The debt market is a financial market where debt instruments such as bonds, treasury bills, Sukuks, deposit certificates, commercial papers, etc., are traded. The debt market plays a pivotal role in providing an opportunity for governments and corporations to borrow to finance their activities. Moreover, it also allows investors to diversify their portfolios and manage risk through investments in different debt instruments.

Debt markets make financial markets more competitive by generating market interest rates reflecting the funds' opportunity cost at each maturity. This is essential for efficient investment and financing decisions.

6.2-a. Debt Securities

a. Publicly Issued Debt Securities:

During July-March FY2024, ten debt securities were listed, and their break-up is given in Table 6.5.

Table 6.5: Debt Securities

Sr. No.	Type of Security	No. of Issues	Amount (Rs billion)
i.	Corporate Sukuk	1	1,000
ii.	Government Debt Securities (Ijara Sukuk)	9	282.9
Total		10	1,282.9

Source: Securities and Exchange Commission of Pakistan

b. Privately Placed Debt Securities: During July-March FY2024, 26 privately placed debt

securities were reported, and their break-up is given in Table 6.6.

Sr. No.	Type of Security	No. of Issues	Amount (Rs billion)
i.	Privately Placed Term Finance Certificates	4	23.2
ii.	Privately Placed Sukuk	22	129.8
Total		26	153.0

Source: Securities and Exchange Commission of Pakistan

c. Debt Securities Outstanding: As of March 31, 2024, 107 debt securities remain outstanding,

amounting to Rs 1,175.3 billion. Table 6.7 shows a category-wise breakup.

Sr. No.	Name of security	No. of issues	Amount Outstanding (Rs billion)
i.	Term Finance Certificates (TFCs)	53	198.2
ii.	Sukuk	45	694.2
iii.	Government Debt Securities (Ijara Sukuk)	9	282.9
Total		107	1,175.3

Source: Securities and Exchange Commission of Pakistan

Box-I: Issuance of Government Debt Securities through PSX

The country witnessed its first-ever auction of government debt securities (GDS) through capital market infrastructure institutions in December 2023. The inaugural auction featured a Shariah-compliant GDS, i.e., one-year Ijara Sukuk, where investors finance the acquisition of an underlying asset and receive rental payments at the end of the tenure. The auction marked a remarkable achievement in which the sovereign Sukuk issue seeking to raise Rs 30 billion was oversubscribed 16 times and enabled the government to raise Rs 30.2 billion at a competitive cut-off yield of 19.5199 percent. This initiative has contributed to raising GDS visibility, lowering borrowing costs, broadening the investor base, and improving the tax management and collection system.

Different types of sovereign Sukuk instruments, including discounted, fixed rate, and variable rate Sukuks of various maturities, have been issued and are available for trading at PSX. Given the success of past auctions, the GOP has increased the auction targets and the frequency of auctions from a monthly to a fortnightly basis. Instrument-wise details of funds raised by the GoP are tabulated below:

Instrument Type	Dec 08, 2023	Jan 23, 2024	Feb 20, 2024	Mar 14, 2024	Mar 28, 2024	Apr 08, 2024
1-year Discounted	30.2	4.7	1.1	11.2	13.3	12.7
3-year Fixed Rate	-	0.3	-	0.1	0.3	0.4
5-year Fixed Rate	-	22.6	-	1.6	-	-
3-year Variable Rate	-	14.9	0.2	0.1	0.0	0.0
5-year Variable Rate	-	43.0	43.3	76.9	19.1	9.5
Total	30.2	85.5	44.6	89.9	32.7	22.7

Source: SECP

6.2-b National Saving Schemes

The Central Directorate of National Savings (CDNS) has long served the country as the sole avenue for savings mobilization through government securities called National Savings Scheme (NSS). The CDNS has fulfilled the exchequer's internal financial requirements while assuring financial inclusion and extending social security to the marginalized segments of society. The CDNS holds a portfolio of Rs 3.2 trillion, making it around 14 percent of the country's entire banking deposits, and caters to around 03 million customers.

CDNS is primarily oriented towards providing a

safety net to the general public, specifically senior citizens, pensioners, widows, differently-abled individuals, and the families of Shuhada of war against terror, by launching and maintaining a product mix of NSS, according to customer's requirements. In this regard, the directorate has launched two products, i.e., SARWA Islamic Savings Schemes, a Shariah Complaint product, and digital saving schemes with a total net investment of Rs 78.0 billion.

The NSS's product basket ranges from 3-month Short-Term Savings Certificates (STSC) to 10-year long-term Defence Savings Certificates. Table 6.8 depicts details of rates of return on different NSS products.

Table 6.8: Profit Rate on the Product Basket of National Savings Scheme (Per Annum)

S.No	Name of Scheme	w.e.f. 10-04-2023	w.e.f. 24-03-2024	Maturity Period	Tax Status
1	Defence Savings Certificates	14.87%	13.36%	10 Years	Taxable
2	Special Savings Certificates/Accounts	17.13% (Average)	15.93% (Average)	3 Years	Taxable
3	Regular Income Certificates	12.84%	14.76%	5 Years	Taxable
4	Savings Account	18.50%	20.50%	Running Account	Taxable
5	Pensioners' Benefit Account	16.56%	15.60%	10 Years	Tax exempt
6	Bahbood Savings Certificates	16.56%	15.60%	10 Years	Tax-exempt
7	Shuhada Family Welfare Account	16.56%	15.60%	10 Years	Tax-exempt
8	National Prize Bonds (Bearer)	10.00%	10.00%	Perpetual	Taxable
9	Premium Prize Bonds (Registered)	12.92%**	16.40%*	Perpetual	Taxable
10	Short Term Savings Certificates (STSC)				
	STSC 3 Months	19.92%	19.40%	3 Months	Taxable
	STSC 6 Months	19.64%	19.38%	6 Months	Taxable
	STSC 12 Months	19.82%	19.00%	12 Months	Taxable
11	SARWA Islamic Savings Schemes				
	SISA	-	20.50%	Running Account	Taxable
	SITA 1 Year	-	18.54%	1 Year	Taxable
	SITA 3Year	-	15.25%	3 Year	Taxable
	SITA 5 Year	-	14.76%	5 Year	Taxable

* Effective from 10.09.2023, ** Effective from 09.03.2023

Source: Central Directorate of National Savings

Table 6.9 provides the net investment under various NSS from FY2020 to FY2024. Over the years, net investments across different products have fluctuated.

Table 6.9: National Savings Schemes (Net Investment)

S #	Name of Scheme	Rs million				
		2019-20	2020-21	2021-22	2022-23	2023-24 (Jul-Mar)
1	Defence Savings Certificates	92,783.1	(9,132.6)	(10,440.0)	(38,530.1)	(24,658.1)
2	National Deposit Scheme	-	(0.0)	(0.4)	(0.0)	-
3	Khaas Deposit Scheme	(0.1)	(0.2)	(0.0)	(0.2)	(0.1)
4	Special Savings Certificates (Regd)	13,945.7	(6,327.9)	(44,748.0)	(79,014.8)	(12,701.4)
5	Special Savings Certificates (Bearer)	(0.0)	(0.5)	-	-	-
6	Regular Income Certificates	83,232.3	26,711.2	(10,563.3)	(127,536.2)	(187,710.7)
7	Bahbood Savings Certificates	83,380.0	2,549.4	16,628.9	(16,017.1)	36,580.0
8	Pensioners' Benefit Account	33,875.9	16,347.2	22,055.6	13,781.8	26,518.8
9	Savings Accounts	4,537.0	1,083.5	10,508.6	20,087.1	4,181.2
10	Special Savings Accounts	200,770.6	(39,659.1)	(273,790.9)	(197,457.1)	(38,015.3)
11	Mahana Amdani Accounts	(60.4)	(47.5)	31.1	(100.6)	(73.7)
12	Prize Bonds	(171,109.9)	(315,531.7)	(81,803.7)	10,069.1	1,722.8
13	National Savings Bonds	(137.0)	-	-	-	-
14	Short Term Savings Certificates	19,254.6	(20,362.2)	690.3	29,906.7	17,071.0
15	Premium Prize Bonds (Registered)	11,322.7	25,147.2	12,706.3	(2,155.1)	(883.2)
16	Postal Life Insurance	628.0	(1,311.9)	-	-	-
17	Shuhda Welfare Accounts	27.0	24.2	40.2	19.0	23.3
18	SARWA Islamic Savings Schemes	-	-	-	5,082.0	71,610.8
19	Digital Savings Schemes	-	-	-	-	1,341.5
	Grand Total	372,449.4	(320,510.9)	(358,685.1)	(381,865.4)	(104,993.0)

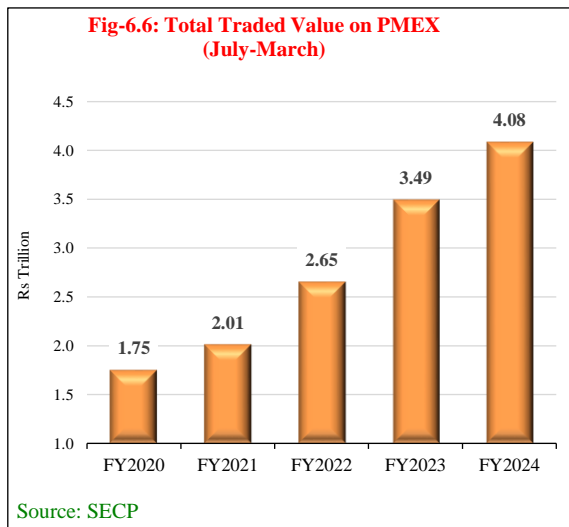
Note: Figures in parentheses indicate negative values.

Source: Central Directorate of National Savings

6.3 Commodity Futures Market

Pakistan Mercantile Exchange Limited (PMEX) is the only one that provides a centralized and regulated place for commodity futures trading. PMEX offers a variety of futures contracts based on different commodities, including gold, silver, crude oil, currency pairs, and local agricultural products, such as cotton, wheat, rice, and maize.

During July-March FY2024, 3.39 million lots of different commodity futures contracts, including gold, crude oil, and US equity indices worth Rs 4.08 trillion (Figure 6.6), were traded on PMEX, which is 14.5 percent higher than the same period last year.



Box-II: Capital Market Reforms and Developmental Activities

SECP has taken numerous steps in the ongoing fiscal year to support and develop conventional and Islamic capital markets. The detail is discussed below:

- Launch of Centralized Gateway Portal (CGP):** Under the supervision of SECP, the Central Depository Company of Pakistan Limited (CDC), with the collaboration of all stakeholders, has successfully launched CGP, which enables the sharing of KYC information among multiple asset classes (such as securities, mutual funds, insurance products, etc.), resulting in a more efficient customer onboarding process and the removal of duplication in the submission of account opening documentation. Furthermore, account opening forms have also been rationalized, and various regulatory reforms have been introduced to simplify customer onboarding through amendments in the regulatory framework.
- Amendments in the PSX Regulations:** To provide maximum facilitation to investors and promote ease of doing business for market intermediaries, various amendments have been included in the PSX Regulations, including application of Apostille Convention, 1961 to Customer Relationship Forms to facilitate foreign investors, provision of hearing opportunity and mechanism for handling appeals in case of disciplinary action taken by PSX against listed companies, and specifying functions performed by the Professional Clearing Member on behalf of Trading Only (TO) brokers.
- Adoption of Revised Timeline for IPO Applications:** SECP has reduced regulatory approval processing times for listing applications and prospectus to 14 working days under section 172 of the Securities Act, 2015, and post-approval prospectus by PSX, the issuer is required to complete procedural formalities within 15 working days. Resultantly, this will facilitate companies to raise funds through an IPO within 29 working days from listing application submission.
- Introduction of New Category of Futures Broker:** Amendments were made to Futures Brokers (Licensing & Operations) Regulations, 2018 by introducing an Agri-only category of futures broker with lower entry barriers and a sole focus on trading Agri-commodities. This initiative will help onboard an untapped investor base in rural areas to access the capital/commodity markets and contribute to the agricultural sector's documentation.
- Shariah Compliant Brokerage Model:** To provide various avenues for new and existing brokers to provide Islamic brokerage services, a concept paper followed by draft amendments in the Securities Brokers (Licensing and Operations) Regulations, 2016, has been issued to obtain stakeholder feedback. Accordingly, reforms shall be made in the relevant regulatory framework to provide coverage to the model, thus paving the way for these specialized brokerage services to be provided in the capital market.
- Transparency in handling margins and deposits with PMEX:** Amendments to the Futures Exchanges (Licensing and Operations) Regulations, 2017, specified treatment for investment and profit distribution on the margins and deposits of brokers/customers held with the PMEX to bring transparency in dealing with margins and deposits.

Source: SECP

6.4 Non-Banking Finance Companies

Non-Banking Finance Companies (NBFCs) provide similar services like banking and financial services to investors and businesses but do not hold a banking license. NBFCs are not subject to the banking regulations and oversight by federal and provincial authorities adhered to by traditional banks. The NBFCs include mutual funds, leasing companies, investment finance companies, pension funds, insurance companies, private equity funds, venture capital funds, housing finance companies, modarabas, stock exchanges, investment advisory companies etc.

Mutual Funds

Mutual funds pool money from many investors and invest the money in securities, such as stocks, bonds, Sukuks, and short-term debts. As of December 31, 2023, assets under management of mutual funds stood at Rs 2,231.8 billion. Money market funds dominate the industry with the largest share, that is, 49 percent of the mutual fund industry, followed by income funds comprising 31 percent equity funds having an industry share of 09percent, and the remaining 11 percent by other categories.

Investment Advisory

Investment advisory is a type of financial service that provides professional advice and guidance to individuals and organizations regarding their investment decisions. Currently, 27 NBFCs have licenses to conduct investment advisory business, including 19 Asset Management Companies, and 08 NBFCs have exclusive licenses for conducting investment advisory services. As of December 31, 2023, the total assets of discretionary/non-discretionary portfolios held by all investment advisors amounted to Rs 547 billion. Number of entities and total assets of the mutual fund industry are given in Table 6.10.

Table 6.10: Mutual Fund Industry

Description	Total number of Entities	Total Assets (Rs billion)
Asset management / Investment advisory Companies	29	58
Mutual Funds / Plans	345	2,232
Discretionary / non-discretionary portfolio	-	547
Total size of the industry	374	2,836

Source: Securities and Exchange Commission of Pakistan

Private Equity and Venture Capital Funds Management Services

As of March 31, 2023, 13 NBFCs have been granted licenses by the SECP to provide private equity and venture capital fund management services. These NBFCs have successfully launched 07 funds, comprising 05 funds focused on private equity investment, 01 funds as an Alternative Fund, and 01 fund focused on venture capital investments. The total assets of these registered funds stand at Rs32.3 billion.

Voluntary Pension Schemes: As of December 31, 2023, the voluntary pension industry's assets under management stood at Rs 61.0 billion. Table 6.11 provides highlights of the pension fund industry.

Table 6.11: Voluntary Pension Schemes

Description	Status as of December 31, 2023
Total assets of the pension industry (Rs billion)	61
Total number of pension funds	24
Total number of pension fund managers	14

Source: Securities and Exchange Commission of Pakistan

Lending NBFCs

Lending NBFCs include leasing companies, investment finance companies, housing finance companies, discount houses, and non-bank microfinance companies. Table 6.12 states the highlights of each category as of December 31, 2023.

Table 6.12: List of Lending NBFCs

Lending NBFC	No. of Companies	Asset Base (Rs billion)
Leasing Companies	5	6.5
Investment Banks	29	99.9
Non-Bank Microfinance Companies	39	194.7
Housing Finance Companies	4	0.6
Discounting Companies	1	0.1

Source: Securities and Exchange Commission of Pakistan

Real Estate Investment Trusts (REITs)

REITs are investment schemes that often own and actively manage income-producing real estate. A REIT invests in physical real estate and distributes profits from rental income and/or

capital gains to its unit holders. A REIT investor owns real estate-backed units that sell like any other unit/listed security, enabling the unit holder to invest directly in real estate.

As a result of widespread outreach efforts by the SECP, the total number of REIT Schemes registered with SECP as of March 31, 2024, has increased to 17. As of December 31, 2023, the aggregate fund size of these REIT Schemes is Rs 168.4 billion. Stakeholders continue to express interest in REIT as a viable option for investing in real estate projects, as evidenced by the increase in the number of companies licensed to undertake REIT management services.

6.5 Islamic Finance Sector

The Islamic financial services industry comprises Islamic institutions such as Modarabas, Takaful operators, Islamic NBFIs, Shariah-compliant businesses, and Shariah advisors with Islamic instruments like Shariah-compliant securities, Sukuk, Islamic commercial papers, Islamic mutual funds, Islamic Exchange Traded Funds (ETFs) and Shariah compliant REITs.

Islamic Capital Market

During July-March FY2024, SECP issued 02 certificates of Shariah-compliant companies and 52 certificates of Shariah-compliant securities to companies under the Shariah Governance Regulations, 2023, to develop the Islamic Capital Market. Similarly, SECP issued certificates of Shariah compliance for Shariah-compliant securities/sukuk worth Rs 213.4 billion, compared to Rs 107.7 billion in the same period last year.

There are 264 (50.38 percent) Shariah-compliant securities out of a total of 524 securities listed at PSX with a market capitalization of Rs 6,251.35

billion (66.17 percent) out of a total market capitalization of Rs 9,447.69 billion as of March 31, 2024. Trading activities were observed in the KSE Meezan Index (KMI). All Shares with a turnover of 15.8 billion shares valuing Rs 744.5 billion, 6.4 billion shares valuing Rs 491.4 billion in the KMI 30 Index, and 2.7 billion shares valuing Rs 365.7 billion in the Meezan Pakistan Index during July-March FY2024.

Registered Shariah Advisors: Twenty-six (26) new Shariah advisors registered with SECP under the Shariah Governance Regulations, 2023, including three (3) Shariah advisory companies during the July-March FY2024 period. Presently, one hundred sixty-one (162) Shariah advisors are registered with SECP, including twelve (12) private limited companies that provide Shariah advisory services.

Islamic Pension Funds

Islamic Pension Funds operate under voluntary pension fund schemes. Currently, 13 pension funds managing assets valuing Rs 38.9 billion are classified as Shariah compliant. In terms of size and number, they constitute 67.7 percent and 54.2 percent of Pakistan's total pension funds industry, respectively.

Modarabas

Modarabas are a unique collective investment model and Pakistan's pioneer Islamic financial institutions. The Modaraba sector can be crucial in serving SMEs' financial needs and collaborating with other ventures as partners. As of December 31, 2023, 31 Modaraba companies were registered, while 23 Modarabas are currently operating and are listed at PSX. As of December 31, 2023, the total assets of the Modaraba sector stood at Rs 56.1 billion, which comprises 1.6 percent of the NBFi industry.

Box-III: NBFC Reforms and Developmental Activities

- **Amendments in the Voluntary Pension System Rules, 2005 (VPS Rules 2005) and NBFC Regulations 2008):** To enhance the scope of the Voluntary Pension System (VPS) framework and allow employers, both in the public and private sectors, to offer fully funded defined contribution pensions in a fail-safe environment to their workforce, the SECP notified amendments in February 2024 to VPS Rules 2005 and NBFC Regulations 2008.

- **Revised Digital Nano Lending:** SECP Circular 15 of 2023 was issued on September 25, 2023, introducing the pricing cap limit, rollover limit, and aggregate liability limit for digital nano lenders. Furthermore, the definition of digital nano lending was amended by reducing the maximum loan tenor to 30 days from 90 days, and the definition of APR defined in clause 9(3) of Circular 15 of 2022 was also re-defined.
- **Guidelines for NBFCs engaged in Digital Lending on Advertisement & Call Centres Management:** Circular 08 of 2024 provides comprehensive guidelines for advertisement and call center management for NBFCs engaged in digital lending. The guidelines are introduced for responsible and ethical marketing practices and encourage NBFCs to adopt transparency and honesty while advertising and adopting best practices for their call center management.
- **Amendments in the Corporate Restructuring Companies Rules, 2019 (CRC Rules):** The amendments in the CRC Rules have been notified to facilitate the acquisition of financial institutions' non-performing assets and to help revive businesses through restructuring schemes.
- **Promulgation of Shariah Governance Regulations, 2023:** The Regulations provide legal support to "Islamic financial institutions" that offer Islamic financial services, including Shariah-compliant companies and Shariah-compliant securities. New regulations require companies to obtain a Shariah compliance certificate from the SECP.
- **Holding the 1st International Conference on Islamic Capital Markets 2023:** SECP, in collaboration with the Accounting and Auditing Organization for Islamic Financial Institutions, hosted the first international conference on Islamic capital markets. The conference aimed to define the future direction of the Islamic capital markets and its fast-changing dynamics.
- **Amendments to the Modaraba Companies and Modaraba Rules, 1981:** The Modaraba Rules have been amended to adopt the new terms "statement of financial position" and "statement of profit and loss and other comprehensive income" and a new format of the auditors' report. The amendments will bring consistency to the country's financial reporting.

6.6 Corporate Sector

Company Incorporation

The SECP has introduced various reforms periodically to facilitate and simplify the company incorporation process. Consequently, the number of new company incorporations witnessed notable growth, as 20,810 companies were incorporated with capitalizations of Rs 33.0 billion during July-March FY2024. Most companies were registered in Information Technology (2,700), Trading (2,475), and Services (2,299).

To facilitate the corporate sector and ease of doing business, SECP has taken the following initiatives during FY2024:

- Secured Transaction Registry:** SECP operationalized a fully automated 24/7 'Secured Transactions Registry (STR)' to register security interests/charges on unincorporated entities. During July-March FY2024, more than 23,900 statements were filed in STR.
- Introduction of Unique Document Identification Number (UDIN):** SECP has made it mandatory for auditors to mention the UDIN on all audit reports issued under the Auditors (Reporting Obligations) Regulations, 2018, to prevent the counterfeiting of audit reports.
- Amendments in Associations with Charitable and Not-for-Profit Objects Regulations, 2018:** SECP has amended the regulations vide S.R.O. 1513(I)/2023 to ensure that Islamic donations shall not be received, invested, or utilized by any Section 42 company in any way that is contrary to the Shariah principles by the companies/associations licensed u/s 42 of the Companies Act, 2017, which would promote ease of doing business for the companies enabling them to raise capital from a broader range of investors.
- The Unlisted Companies (Buy-Back of Shares) Regulations, 2023:** SECP has issued the regulations, which provide the procedure and mechanism to be adopted by

unlisted companies to buy back and cancel their own shares, as well as the submission of the final report to the registrar after the buy-back process is completed. It is believed that the new mechanism will boost the confidence of investors and will provide an easy exit option to the shareholders of such companies.

- v. **SECP Integrations under Pakistan Regulatory Modernization Initiative (PRMI):** The Prime Minister's Office, through the Board of Investment (BoI), launched PRMI to reduce businesses' compliance burden while improving the regulatory regime's effectiveness. Under PRMI, SECP has successfully integrated with the Pakistan Software Export Board (PSEB), Special Technology Zone Authority (STZA), and Pakistan Engineering Council (PEC).
- vi. **Launch of eZfile:** A new e-Filing Portal: SECP has launched a new corporate registry, eZfile, a more sophisticated, advanced, and user-friendly online portal for company registration and post-incorporation filings. The eZfile portal offers comprehensive ease to its users while incorporating and filing statutory returns through built-in checks and pop-up guidance messages.
- vii. **Awareness Sessions held by the SECP:** In a dedicated effort to strengthen compliance practices and foster capacity building, the SECP has held numerous awareness sessions in various cities of Pakistan. During July-March FY2024, 117 sessions were held with companies' representatives, chambers, lawyers, consultants, and other stakeholders to encourage corporatization, promote statutory compliance, and create awareness for reforms to facilitate the corporate stakeholders.

6.7 Insurance Sector

The insurance sector in Pakistan comprises eleven active life insurers (including three (3) family Takaful operators), thirty active (30) non-life insurers (including three (2) general Takaful operators), and one (1) state-owned national reinsurer. Significant achievements in the

insurance sector from July 2023 to March 2024 are as follows:

- i. **Launch of a 5-year draft strategic plan for the insurance sector:** The SECP identified challenges of the insurance sector in consultation with all stakeholders and formulated the 5-year draft strategic plan. The plan covers a comprehensive roadmap/sketch for the growth of the insurance sector with a detailed action matrix for the next five years. The ultimate goal is to strengthen the three pillars of the entire insurance ecosystem, i.e., policyholders, insurance providers, and insurance intermediaries.
- ii. **Holding of International Insure Impact Conference 2023:** The SECP as committed to its vision of committed to its vision of developing an inclusive, innovative, and sound insurance sector by 2028, the National Insure Impact Conference 2023” to mainstream the discussion around insurance services and products and act as a catalyst for revitalizing Pakistan's insurance industry.
- iii. **Implementation of IFRS 17 – Initiation of System Design Phase (Phase III) and announcement of the date of implementation:** For the implementation of IFRS 17 (Insurance Contracts) in Pakistan, the SECP envisaged a four-phase approach, namely (i) Gap Analysis; (ii) Financial Impact Assessment (FIA); (iii) System Design and Methodology; and (iv) Parallel Run Implementation. During this period, the SECP initiated Phase III of implementing IFRS 17 and announced the date of implementing IFRS-17 as January 1, 2026.
- iv. **Issuance of detailed requirements for grievance handling mechanisms for the insurance sector:** These requirements align with other financial sectors and international best practices to ensure effectiveness, robustness, and uniformity in the grievance-handling function to protect policyholders. These include formulating a grievance handling policy, maintaining a centralized system, defining acceptable complaint modes, categorizing complaints by

criticality, setting resolution timelines, communicating with policyholders, raising awareness about grievance handling mechanisms, monitoring for improvement, and reporting complaints data.

Concluding Remarks

The equity market indicators, primarily the benchmark KSE-100 index of PSX, showed a significant increase of 62 percent during the fiscal year 2024. This growth can be attributed to the IMF's SBA program, structural reforms in

the energy sector, stability on the economic and political fronts, and external sector stability. The PSX has been attracting domestic and international investors due to its consistent positive trends. This positive momentum is expected to continue in the upcoming year because of the improved economic situation and favorable prospects for foreign investment. Additionally, the anticipated IMF program and the reforms and development activities introduced by the SECP are expected to boost investor confidence further and sustain market momentum.

TABLE 6.1
NATIONAL SAVINGS SCHEMES (NET INVESTMENT)

								Rs million
Name of Scheme	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (Jul-Mar)
1 Defence Savings Certificates	16,620.00	10,743.60	57,171.00	92,783.09	(9,132.62)	(10,439.99)	(38,530.09)	(24,658.05)
2 National Deposit Scheme	(0.70)	0.10	(0.03)	-	0.00	(0.36)	(0.02)	-
3 Khaas Deposit Scheme	(51.40)	(0.20)	(0.04)	(0.05)	(0.24)	(0.02)	(0.15)	(0.07)
4 Special Savings Certificates (R)	(39,344.60)	(51,180.10)	31,842.50	13,945.72	(6,327.88)	(44,748.00)	(79,014.78)	(12,701.39)
5 Special Savings Certificates (B)	(0.80)	(0.60)	-	(0.01)	(0.50)	-	-	-
6 Regular Income Certificates	(20,950.70)	8,726.30	142,088.10	83,232.25	26,711.24	(10,563.31)	(127,536.17)	(187,710.67)
7 Bahhood Saving Certificates	57,432.10	45,395.30	119,573.10	83,379.96	2,549.42	16,628.89	(16,017.10)	36,579.98
8 Pensioners' Benefit Account	18,716.70	21,504.40	43,367.40	33,875.95	16,347.15	22,055.63	13,781.81	26,518.82
9 Savings Accounts	4,684.40	3,413.00	(166.20)	4,536.97	1,083.53	10,508.61	20,087.07	4,181.16
10 Special Savings Accounts	65,246.60	59,939.20	(132,393.50)	200,770.58	(39,659.08)	(273,790.85)	(197,457.07)	(38,015.27)
11 Mahana Amdani Accounts	(55.20)	(46.70)	(73.80)	(60.42)	(47.52)	31.12	(100.55)	(73.69)
12 Prize Bonds	97,791.60	101,575.70	40,432.10	(171,109.88)	(315,531.72)	(81,803.74)	10,069.07	1,722.80
13 Postal Life Insurance	2,529.80	875.50	1,248.40	627.96	(1,311.91)	-	-	-
14 National Savings Bonds	-	-	-	(137.00)	-	-	-	-
15 Short Term Saving Certificates	2,077.40	560.60	761.00	19,254.58	(20,362.16)	690.34	29,906.68	17,070.97
16 Premium Prize Bonds (R)	2,921.70	2,323.20	2,820.00	11,322.72	25,147.19	12,706.32	(2,155.11)	(883.18)
17 Shuhda Welfare Accounts	-	-	42.1	27.02	24.19	40.24	19.00	23.33
18 SARWA Islamic Savings Schemes	-	-	-	-	-	-	5,081.97	71,610.78
19 Digital Savings Schemes	-	-	-	-	-	-	-	1,341.49
Grand Total	207,617.0	203,829.1	306,712.0	372,449.4	(320,510.9)	(358,685.1)	(381,865.4)	(104,993.0)

--: Not available

Source: Central Directorate of National Savings (CDNS)

Figures in Parenthesis represent negative value

TABLE 6.2

MARK UP RATE/PROFIT RATE ON FEDERAL GOVERNMENT'S DEBT INSTRUMENTS

S. No.	Name of Securities	Coupon/Profit Rates	Remarks	Tax Status
1	Pakistan Investment Bonds (PIBs)			Profit taxable
	Fixed-rate PIBs			
	3-years maturity	14.00%	3-years PIB first issued on 15-Feb-24	
	5-Years maturity	14.00%	5-Years PIB first issued on 17-Jan-24	
	10-Years maturity	14.00%	10-Years PIB first issued on 10-Nov-23	
	15-Years maturity	10.50%	15-Years PIB first issued on 16-Apr-20	
	20-Years maturity	11.00%	20-Years PIB first issued on 19-Sep-19	
	30-Years maturity	11.00%	30-Years PIB first issued on 07-Jan-21	
	Floating-rate PIBs			
	2-years maturity	coupon rate linked to 3-month t-bill auction's weighted-average yield	fortnightly coupon reset and quarterly coupon payment; issued on 21-Sep-23	
3-years maturity		Quarterly coupon reset and payment; issued on 19-Oct-23		
5-Years maturity	coupon rate linked to 6-month t-bill auction's weighted-average yield	For 5- and 10- year floating rate PIBs, coupon reset and payment are half yearly; 5- and 10- year floating-rate PIBs were issued on 07-Feb-2024.		
10- Years maturity				
2	Government Ijara Sukuk			Profit taxable
	1-year Variable Rental Rate Sukuk	rental rate is benchmarked to 6-month t-bill's auction weighted-average yield adjusted with margin set on initial auction	Cut-off margin is -100 BPs; first issued on 04-Dec-23	
	3-year Variable Rental Rate Sukuk		Cut-off margin is -21 BPs; first issued on 04-Dec-23	
	5-year Variable Rental Rate Sukuk		Cut-off margin is -10 BPs; first issued on 04-Dec-23	
	1-year Fixed Rental Rate Sukuk	22.49%	First Issued on 09-Oct-23	
	3-year Fixed Rental Rate Sukuk	16.19%	First Issued on 04-Dec-23	
5-year Fixed Rental Rate Sukuk	15.75%	First Issued on 04-Dec-23		

Note: Federal Government debt securities auctioned by DMMD, SBP

Source: State Bank of Pakistan

30-year PIB Fixed is being offered with issue date of 07-Jan-21. However, there has been no issuance so far.

The Securities issuance status is as of end March, 2024.