

ANNUAL REPORT 2023



PAKISTAN  
STOCK EXCHANGE

# IT IS TIME











PAKISTAN  
STOCK EXCHANGE

## IT IS TIME

This year's theme for the PSX Annual Report FY2022-23 focuses on time. As we stand today, when our country is at the crossroads facing numerous economic and financial challenges, there is all the more reason for us to utilize this time to rise up to the challenges, reform and re-strategize. The time that we have now is the silver lining to reconstruct and this is what we are advocating through our theme this year.

Given this context, it is indeed time to build and invest for a stronger Pakistan. It is time to focus on the singular objective of reforming the national economy.

It is time to perform and channelize all our resources to deliver our nation from its current challenges. It is time to transform the economic sentiment by implementing a diversified and innovative rethink of the economic strategies.

In essence, this is the time to rise to the occasion, structure our objectives such as increasing our exports, reducing expenditure and reliance on loans in order to achieve the goal of economic prosperity.

Pakistan Stock Exchange provides an excellent opportunity for investors to build wealth by investing and for businesses to raise capital by listing. PSX is the national stock exchange with the potential to leverage capital into productive areas of the economy for a documented, prosperous and strong Pakistan. PSX is a robust, efficient, and transparent marketplace serving issuers, investors, and market participants through various products, offerings and services. It is the resource to turn to for a strong, secure and advanced financial market.

As we utilize this moment in time to rethink and rebuild, let us look forward to a brighter and prosperous Pakistan. With this message of hope and confidence, we welcome you to our Annual Report FY2022-23.

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IT'S TIME TO  
*Invest*







# Corporate Information

## Board of Directors

Dr. Shamshad Akhtar (Chairperson of the Board)	Independent Director
Mr. Farrukh H. Khan (Chief Executive Officer)	Executive Director
Mr. Ahmed Chinoy, H.I., S.I.	Non-Executive Director
Mr. You Hang	Non-Executive Director
Dr. FU Hao	Non-Executive Director
Ms. Yu Huali	Non-Executive Director
Mr. Jiang Ketao	Non-Executive Director
Mr. Javed Kureishi	Independent Director
Mr. Mohammad Salahuddin Manzoor	Independent Director
Mr. Nadeem Naqvi	Non-Executive Director
Mr. Zubair Razzak Palwala	Non-Executive Director

## Audit Committee

Mr. Javed Kureishi (Chairman)  
Mr. Ahmed Chinoy, H.I., S.I. (Member)  
Mr. You Hang (Member)

## Human Resources & Remuneration Committee

Dr. Shamshad Akhtar (Chairperson)  
Mr. You Hang (Member)  
Mr. Mohammad Salahuddin Manzoor (Member)  
Mr. Zubair Razzak Palwala (Member)  
Mr. Farrukh H. Khan (Member)

## Regulatory Affairs Committee

Mr. Javed Kureishi (Chairman)  
Mr. Mohammad Salahuddin Manzoor (Member)  
Mr. Nadeem Naqvi (Member)

## Nomination Committee

Dr. Shamshad Akhtar (Member)  
Mr. Javed Kureishi (Member)  
Mr. You Hang (Member)  
Mr. Zubair Razzak Palwala (Member)

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**Company Secretary**

Dr. Fakhara Rizwan

**Chief Financial Officer**

Mr. Ahmed Ali Mitha

**Head of Internal Audit**

Mr. Farhan Ansari

**Chief Regulatory Officer**

Mr. Ajeet Kumar

**Auditors**

Grant Thornton Anjum Rahman, Chartered Accountants

**Legal Advisor**

Mohsin Tayebaly & Co., Corporate Legal Consultants

**Shariah Advisor**

Alhamd Shariah Advisory Services (Private) Limited

**Bankers**

Allied Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial & Commercial Bank of China Limited (Karachi Branch)  
JS Bank Limited  
MCB Bank Limited  
United Bank Limited  
Meezan Bank Limited

**Share Registrar**

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

**Registered Office**

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

**Regional Offices****Lahore Office**

LSE Plaza, South Tower Ground Floor,  
19-Khayaban-e-Aiwan-e-Iqbal,  
Lahore 54000  
Phone: (92 42) 36316974

**Islamabad Office**

Office # 712-714, 7<sup>th</sup> Floor, ISE Towers  
55-B, Jinnah Avenue,  
Islamabad  
Phone: (92 51) 2894500

**Email**

info@psx.com.pk

**Website**

www.psx.com.pk



# VISION

A world class exchange for Pakistan

# MISSION

PSX contributes to the economic development of Pakistan by providing a fair, transparent, and efficient marketplace to facilitate capital formation for the benefit of investors, issuers and all stakeholders.





PAKISTAN  
STOCK EXCHANGE

## ABOUT PSX

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

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

In the year 2015-16, the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange were integrated to form a single national entity, Pakistan Stock Exchange Limited.

Pakistan Stock Exchange has now progressed as an Exchange that provides best in-class services and offerings to all our stakeholders, investors, issuers and market participants.



# PAKISTAN STOCK EXCHANGE



# PSX FY 2023 at a Glance

During the outgoing FY2023, Pakistan faced unprecedented challenges due to political uncertainty compounded by devastating floods. In addition to this, Pakistan's economic outlook further deteriorated due to high inflation driven by international commodities prices, currency devaluation, and fiscal imbalances.

Pakistan Stock Exchange, as the country's national bourse, widely used by investors as the yardstick for measuring the strength of the economy, saw the KSE-100 Index closing at 41,453 on June 27, 2023 (vs 41,541 on June 30, 2022) decreasing by 0.21%.

By the end of the financial year, the market capitalization of 524 companies listed on the local bourse was PKR 6.37 trillion.

During FY 2022-23, PSX approved 4 listing applications and prospectuses of equity securities namely; Globe Residency REIT, Dalda Foods Limited, Symmetry Group Limited and Searle Pakistan Limited. Moreover, 3 listings took place by way of merger which include Ghani Chemicals Industries Limited, LSE Proptech Limited and LSE Ventures Limited. Further, Class-B Ordinary Shares of Ghani Chemical Industries Limited were also listed on the Exchange by way of Right Issue offered to existing shareholders of the Company. Out of the aforementioned 7 listing applications, 4 companies were listed on the Main Board during FY 2022-23 having a total paid up capital of PKR 8,664 million.

In addition to the above, 10 Privately Placed Debt Securities having a combined issue size of PKR 54,173 million, 12 Open End Mutual Funds constituted a total fund size of PKR 23,982 million and 1 Exchange Traded Fund were also listed during the year.

PSX also added a new debt-based Exchange Traded Fund (ETF) namely HBL Total Treasury ETF. Furthermore, PSX has also launched a fundamental index (PSX Dividend 20 Index) tracking the performance of the top 20 dividend-paying companies listed on PSX.

In the outgoing fiscal year, PSX, being a symbol of Pakistan's economy and being at the forefront of financial innovation in the country, has successfully introduced world-class trading infrastructure from technological perspective as well as innovative investment products for investors.

	June 30, 2023	June 30, 2022
No. of Listed Companies	524	530
Listed Capital (PKR Mn.)	1,627,167	1,525,899
Trading Volume - Ready Mkt + DFC (Mn)	67,199	101,657
Trading Value - Ready Mkt + DFC (PKR Mn)	2,344,555	3,567,317
Market Capitalization (PKR Mn)	6,369,473	6,956,507
KSE 100 Index	41,452.69	41,540.83
KSE 30 Index	14,636.72	15,805.04



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# PSX Developments and Activities

## Key Achievements Organization-wide

Pakistan Stock Exchange as a frontline regulator continues to perform robustly in line with the capital market development plan and to enhance the capital market for the benefit of investors, issuers, market participants, and other stakeholders. In FY2023, PSX continued to make headway in technology, listings, regulatory, and other areas with new offerings and products brought to the market.

Most importantly, PSX replaced its two decades old trading system with New Trading & Surveillance System (NTS) procured from Shenzhen Stock Exchange. This is a testament to PSX's commitment to upgrading and enhancing its technological capacity and the scalability of its systems. NTS is a state-of-the-art, highly advanced securities trading and surveillance system that is fast, safe and reliable. It boasts of high-performance, high scalability, and low latency, making it a cutting-edge system that is designed to meet the evolving needs of the market. With the launch of the NTS, PSX has taken a significant step towards providing its clients with a seamless and efficient trading experience.

The successful implementation of the new trading system is the biggest project of the capital market involving numerous stakeholders like NCCPL, CDC, Brokers, Data Vendors, etc., and bringing our market to par with international players in terms of trading technology. In addition to the new system's admirable speed, it also has the capability to offer innovative and complex products like European Stock Options.

In order to ensure a smooth transition to the new trading system, PSX provided an Order Management System called 'Jade Trading Terminal (JTT)' which incorporates all the product features of KATS TWS, allowing the traders an almost identical usability experience as what they have experienced with TWS in the previous KATS environment.

During the year, PSX approved overall seven (7) listing applications, out of which four (4) new companies were successfully listed having a total listed capital of PKR 8,664 million, namely: Ghani Chemical Industries Limited, Globe Residency REIT, LSE Proptech Limited and LSE Ventures Limited. Moreover, during the FY 2022-23, Class B Ordinary Shares of Ghani Chemical Industries Limited with paid up capital of PKR 220 million were also listed on the Exchange by way of Right Issue offered to the existing shareholders of a Company. Moreover, the Prospectus of one (1) Company was approved by SECP on June 01, 2023 which is also valid for sixty days from the date of approval.

In the current period under review, PSX listed several equity, debt and open-end fund instruments comprising of a total of PKR 87 billion issue size.

PSX had a good year in terms of trading activity, the bourse witnessed record Average Daily Traded Volume (Ready + Futures) of 273 million shares with the Average Traded Value (Ready + Futures) of PKR 9.5 billion in FY23.

From Products perspective, PSX introduced Pakistan's first debt-based Exchange Traded Fund (ETF) providing investors an avenue to invest and park funds in government debt securities, offered by HBL Asset Management. Investors can invest in this ETF using the same equity brokerage account. PSX also introduced the PSX Dividend 20 Index (PSXDIV20), its first fundamental Index, aiming to track the performance of top 20 dividend paying companies listed on the exchange.

In addition, PSX has successfully migrated its international market data clients to Deutsche Borse AG (DBAG), which is a sole licensor for PSX market data for international clients. PSX also increased its data outreach by onboarding new international and local data vendor such as Trading View, Intercontinental Exchange, etc.

In order to improve the availability of skilled human resources, PSX, in collaboration with the Institute of Financial Markets of Pakistan (IFMP), has signed a Memorandum of Understanding (MoU) with the Chartered Institute for Securities & Investment (CISI), UK to provide training and upgrading the skills of professionals in the capital markets.



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Other notable initiatives included introduction of KYC sharing between banks and brokers, simplified account opening procedures for Sahulat and online accounts, introduction of THIMS (TREC Holder Information Management System) to streamline effective brokers compliance, the introduction of PRIDE (Public Offerings Revolutionized through an Integrated & Digitized Experience) to provide one-stop solution focused on issuers and investors for all information on upcoming public offerings.

## **Product Management & Research**

After the launch of the New Trading & Surveillance System, PSX will launch the Single Stock options in the near future as the regulatory framework has also been approved by SECP. In addition to this, PSX is also in the final stages to relaunch the Cash Settled Futures along with few major changes which are in line with the international practices.

Furthermore, after signing an agreement with Deutsche Borse AG (DBAG), we were able to successfully shift all our international clients to DBAG to manage data vendors efficiently.

PSX has launched its first fundamental index PSX Dividend 20 Index, which is designed to track the performance of top 20 dividend paying companies on the basis of trailing 12-months dividend yield. This index shall also serve as a benchmark for dividend-based strategies i.e. the market participants would be able to compare the performance of their dividend paying funds/portfolios with the benchmark.

PSX introduced a debt-based Exchange Traded Fund (ETF) with the listing of HBL Total Treasury ETF, which is designed to take exposure in government debt securities. PSX is also working with different asset management companies to develop and introduce additional ETFs with unique investment strategies.

PSX has also introduced a new "Property" sector, for non-REIT real estate related listed companies to inform investors about the performance of listed companies operating in the Real Estate segment of the economy. This is an attempt to distinctly represent the important element of real estate and construction in Pakistan Stock Exchange. The addition of this sector increases the number of sectors on PSX to 36 and currently 3 companies are listed under this sector.

PSX is also working towards the promotion of responsible investment in sustainable development and help improve corporate performance on Environmental, Social and Governance (ESG) issues. In addition to this, PSX is also working towards the development of an ESG guide for adoption by listed companies. Among other things, a training program on climate disclosure was conducted jointly by PSX and Sustainable Stock Exchanges (SSE) Initiative in collaboration with International Finance Corporation (IFC). Furthermore, a consultative and awareness session was conducted jointly by PSX and SECP to promote Islamic finance and increase awareness. PSX in collaboration with SECP is planning to conduct various ESG initiatives on ESG front.

## **Listing**

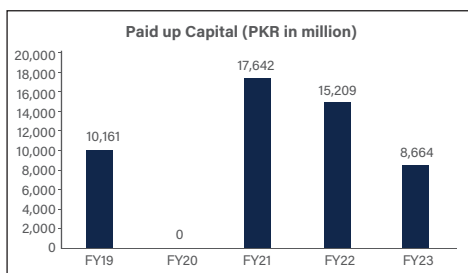
### **Equity Listings**

Pakistan Stock Exchange Limited (PSX) successfully listed four (4) new companies having a total listed capital of PKR 8,664 million, namely: Ghani Chemical Industries Limited, Globe Residency REIT, LSE PropTech Limited and LSE Ventures Limited.

Moreover, during the FY 2022-23 Class B Ordinary Shares of Ghani Chemical Industries Limited with paid up capital of PKR 220 million were also listed on the Exchange by way of Right Issue offered to the existing shareholders of a Company.

During the year, PSX approved overall seven (7) listing applications, out of which four (4) companies were successfully listed. Moreover, the Prospectus of one (1) Company was approved by SECP on June 01, 2023 which is also valid for sixty days from the date of approval.

In addition to the above, three (3) listing applications are in process of approval.

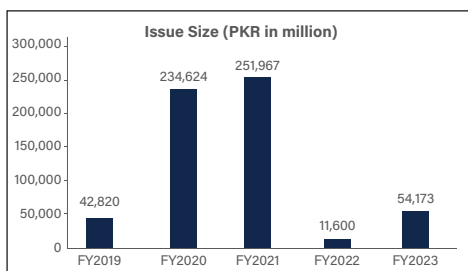


### Debt Security Listings

Pakistan Stock Exchange Limited successfully listed the following ten (10) Privately Placed Debt Instruments during FY 2022-23. The debt securities had a combined issue size of PKR 54,173 million.

- |  |   |
|--|---|
| 1. TPL Corp Limited (PP Sukuk)           | 2. TPL Corp Limited (PP TFC)                |
| 3. Bank AL Habib Limited (PP TFC)        | 4. U Microfinance Bank Limited (PP TFC)     |
| 5. The Bank of Punjab (PP TFC)           | 6. Habib Bank Limited – AT 1 (PP TFC)       |
| 7. Bank Alfalah Limited – AT 1 (PP TFC)  | 8. K-Electric Limited (PP Sukuk)            |
| 9. Soneri Bank Limited – Tier 2 (PP TFC) | 10. Bank AL Habib Limited – Tier 2 (PP TFC) |

In addition to the above, one (1) listing application of Publicly Issued Debt Instrument is in process of approval.



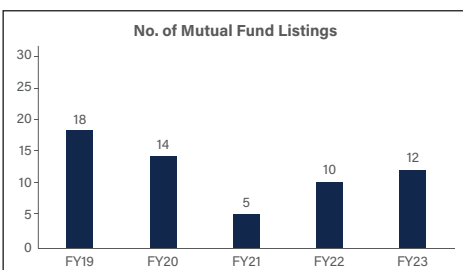
### Exchange Traded Funds (ETFs)

The Exchange listed one (1) ETF, namely HBL Total Treasury Exchange Traded Fund during FY 2022-23 which is tracking HBL Total Treasury Index.

### Open-end Mutual Funds

The Exchange successfully listed the following twelve (12) Open-end Mutual Funds during FY 2022-23. The funds listed during the year constituted a total fund size of PKR 23,982 million.

- |                                   |                                     |
|-----------------------------------|-------------------------------------|
| 1. Faysal Halal Amdani Fund       | 2. Alhamra Wada Fund                |
| 3. MCB Pakistan Fixed Return Fund | 4. MCB Pakistan Opportunity Fund    |
| 5. JS Government Securities Fund  | 6. Lakson Islamic Money Market Fund |
| 7. NBP Mustahkam Fund             | 8. AWT Financial Sector Income Fund |
| 9. NBP Income Fund of Fund        | 10. AKD Islamic Daily Dividend Fund |
| 11. NBP Islamic Mustahkam Fund    | 12. JS Money Market Fund            |



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## Human Resource

### Sourcing & Employer Branding:

The HR department continued to extensively work towards placing the Exchange as an Employer of Choice in the market. A crowning achievement of the previous year was the launch of the “Capital Market Future Leaders Program” (CMFLP) in August 2022, an 18 months’ Management Trainee program with equal rotations within the three key players of the Capital Market i.e. Pakistan Stock Exchange (PSX), Central Depository Company of Pakistan Limited (CDC) and National Clearing Company of Pakistan Limited (NCCPL). This program is a testament to PSX’s commitment to nurturing the next generation as it not only imparts a comprehensive understanding of the dynamic Capital Market but also paves a definitive path for career growth within Pakistan’s financial realm. It is one of PSX’s many such initiatives. The resounding success of the program was exemplified by the stellar accomplishments of Group 1, whose tenure with PSX was concluded with incredible feedback in March 2023, while Group 2 currently thrives in their transformative journey at the Exchange.

Furthermore, in the quest for excellence, PSX has always sought out exceptional talent from prestigious universities such as IBA and FAST, fortifying the organization with a remarkable pool of candidates. Additionally, PSX wholeheartedly believes in fostering a culture of collaboration and ideation. Hence, our exceptional high-potential staff was accorded the privilege of engaging in profound and thought-provoking sessions through the esteemed “Partners in Progress”. This was led by the CEO which served as a channel for the exchange of visionary ideas and insightful perspectives, igniting the spark of innovation and propelling our collective growth towards a brighter future. Also, PSX consistently extended a helping hand to fresh recruits through its Mentorship/Buddy Program. It provided invaluable coaching and guidance during the crucial initial days of each new hire.

In yet another remarkable stride, PSX achieved another significant milestone. During the launch of the New Trading System (NTS), a batch of 08 interns were on boarded, trained rigorously. Out of these, 03 interns were then placed within the Information Technology Department as permanent resources. This demonstrated our commitment to developing fresh talent and consistently offering them exceptional opportunities.

### Learning & Development:

At PSX, our employees are cherished as the invaluable cornerstone of our success. Their continuous growth is paramount, backed by a comprehensive learning and development strategy for exceptional capabilities and unparalleled outcomes. Over the past year, more than 300 nominations were made for operational as well as developmental trainings that included a webinar on ‘Modern Internal Audit, a program on ‘Building Blocks of HRM’, courses on ‘Advanced MS Excel’, a workshop on ‘Becoming a Transformational Leader’, and WIBCON 2023, to name a few.

We also introduced “Expanding Horizons” an in-house functional learning series meticulously designed to equip our employees with the skills and competencies necessary to excel in their roles and advance their careers. These sessions were led by the subject matter experts and an encouraging response was received from our employees.

The ‘Capital Market Orientation Program’ is also a regular program at the Exchange where HR conducts a three-day orientation program for the new hires. By means of this program, not only core business areas but SECP, CDC and NCCPL also participated and shared their overall working and its linkage with Capital Market growth. Last but not the least, by diligently following UNDP’s Sustainable Development Goals, we consistently strived towards sustainable progress and took impactful steps to achieve success.

### Workplace Health and Well-being:

To increase efficiency and enhance the overall employee experience, a progressive HR Information System was procured and a step-by-step module-based implementation methodology has been chosen. The Performance Management module of this new system, which was launched this year, has further improved the process’s transparency, effectiveness, and objectivity. The other modules are also being worked upon and will be implemented simultaneously to increase the level of ease and make the processes more efficient for our employees.

In our quest to prioritize emotional well-being and foster healthy living, we nominated our employees for multiple captivating webinars. These webinars were based on topics such as “Mindful Diet & Healthy Living” and “Become Your Better Self” and aimed to empower our employees to nurture their emotional well-being. Additionally, a remarkable

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networking event which focused on “Emotional Wellness” provided a platform for our employees to connect, share experiences, and cultivate resilience. Moreover, we participated in a comprehensive workshop on ‘Time and Stress Management’ to equip our staff with effective tools to navigate these challenges.

Among other initiatives, PSX HR also introduced the ‘Corporate Fuel Cards’ facility for its employees in lieu of the monthly fuel allowance. The primary objective of this initiative was to provide our employees with a convenient and hassle-free fuel purchasing experience. The fuel card offers nationwide coverage, without the need for cash. To make it more convenient for our employees and their dependents, we also introduced the added facility of “Supplementary Fuel Cards” by virtue of which our employees were able to get separate cards made for their dependents.

In addition to this, we also had the “Sehat Kahani Corporate Application” in place, a free online 24/7 medical service. This tool extended its support not only to our employees but also to their families, including parents, in times of emergency or for routine consultations. By providing accessible and reliable healthcare, we strived to create an environment where our employees can thrive physically and lead fulfilling lives.

## **Information Technology**

### **NTS Launch Project**

New Trading System (NTS) implementation is the largest project in PSX’s history with many moving pieces and stakeholders, replacing 2 decades old trading system (OTS) technology, and enabling Pakistan’s Capital Market to get at-par with the leading markets of the world. With several advancements from OTS, NTS is expected to enhance the technical & business capabilities of all market participants.

NTS has been successfully launched on 15<sup>th</sup> May, 2023, following are the key milestones;

1. Jade Trading Terminal specifications finalized.
2. JTT In-house development, Quality Assurance and User Acceptance Testing completed.
3. Brokers’ awareness sessions conducted to share NTS project status, updates and plan.
4. New Trading Terminal (NTT) provisioned to Brokers.
5. NTT & JTT training sessions conducted.
6. Order Management System (OMS) access provided to TREC Holders & Vendors.
7. OMS UAT & readiness carried out by TREC Holders & Vendors.
8. Stress testing carried out by Systems Limited.
9. Security testing carried out by Information Security Team.
10. NCCP & CDC integration completed.
11. Mock Rehearsal with NCCP & CDC carried out.
12. NTS data migrated.
13. NCCPL business and technical integration for NTS with high availability.
14. Data sharing process reforms for NCCPL.
15. Var process revamped to reduce dependency on PSX OTS process.
16. JTT development completed.
17. Position limits for trade rectification & modification.
18. Kits outstanding items (NTS).
19. Implementation of document sharing for RDA (Kits).
20. Happy & Sahulat UIN Development.
21. ETF circuit breaker .
22. Data Portal changes for NTS.
23. Impact cost process revamped.
24. Troubleshooting manuals developed.
25. JTT stress testing with Systems Limited.
26. Market-wide as well as focused mocks conducted.
27. Q&A Sessions Conducted for TRECHs.
28. NTS Launched on 15th May, 2023.



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### **Liquid Capital Statement Automation Using THIMS**

Traditionally the LCS reporting has been via the older NCHS technology platform distributed by the exchange in the past. From Jan' 23 the broker community was mandated to commit all LC submissions via the TRECH Information Management System.

THIMS is envisaged to provide the single composite medium for capturing all broker related information (regulatory, financial and otherwise) and generates comprehensive reporting to help the Exchange ascertain broker compliance.

The LC processing module comes equipped with an information upload mechanism permitting the brokers to upload the LCS directly through a CSV file generated from their back-office system, effectively reducing the effort to enter and maintain the data in multiple databases.

In terms of compliance handling, THIMS LCS module is geared to handle the latest SECP Amendments to Schedule-III of the Securities Brokers Licensing and Operations Regulations, 2016 providing changes to calculations in Haircut and Net Adjusted value as well as modification of the Ranking Liabilities in line with the regulation.

### **KiTS Functional Upgrade**

An upgrade was applied to the KiTS OMS to enable Shariah compliant trading via selected brokers for Meezan Bank RDA customers and hence expand the investment avenues through PSX. Meezan Bank RDA customers can select the broker of their own choice for investing in PSX using the KiTS platform.

To achieve the functional enhancements, a number of KiTS components were upgraded including the Trade Cast and Order Router. Furthermore, the Exposure Calculation process was updated to align it with the shariah requirements.

### **JTT Development**

Jade Trading Terminal development (as the name implies) started with the creation of a trading terminal to the Schenzen Trading System (STSV5) and with time culminated into a full-fledged Order Management System. JTT incorporates all the product features of KATS TWS, allowing the traders an almost identical usability experience as what they have experienced with TWS in the current KATS environment.

The re-architected JTT is made possible through extensive planning and execution spanning approximately four (4) man years effort since July 2022. As opposed to the JTT version deployed with the NTS cutover of October 2021, the revamped Jade Trading Terminal OMS includes numerous modifications to the architecture and design. There are new product features introduced and performance tuning at various levels has helped enhance the user experience.

An in-house developed JTT Management System (JMS) aids to strengthen the operational monitoring and support capability of the JTT platform. Apart from preemptive problem detection and rectification, the JMS enables the IT Operations team in their daily maintenance tasks related to users / process management. Advanced functional components like the Stop Loss Engine and the Risk Management Gateway add to the multitude of valuable features that enrich JTT as a complete OMS.

### **Public PRIDE Launch**

PSX ITD has successfully configured to Public PRIDE which is a one-stop solution focused on investors for all information on upcoming public offerings. After implementing the PRIDE system, which automated the listing process for debt and equity issues, Public PRIDE can be accessed at <https://www.psx.com.pk/psx/pride>. It has been developed to keep the investors and general public aware of the investment avenues available in the primary market.

### **HBL Total Treasury Index & ETF**

Since its introduction within PSX, the configurational setup and all related automation for the ETF investment product has remained equity based.

The launch of HBL Total Treasury ETF by HBL Investment Limited is the first ever Debt ETF that tracks an index which is developed, computed and maintained by HBL Funds. With a significant departure in processing from its equity

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counterpart, the handling of the Debt ETF processing mandated changes across several applications including the MIS dashboards, the corporate website and the Data Portal, the Portfolio Composition handling process and the Trading Work Station to name a few.

For such debt-based ETF products, PSX acts as the index distributor whereby the PSX systems display the closing index values at the website and disseminate the index related changes on the closing reports of the exchange. Unlike the prevailing equity ETFs, in this scenario the HBL Fund provides the index closing values together with the underlying instruments (or maturity buckets) and their weights as determined and computed by them at end of day. Any changes in the components or weights is distributed by the Exchange systems via the various web portals and also within the reporting framework.

### **PSX Dividend 20 Index**

PSX Dividend 20 Index is designed to track the performance of top 20 dividend paying companies ranked (in descending order) on the basis of trailing 12-months dividend yield and it serves as a benchmark Index for the income-seeking equity investors. Updates were done across multiple ancillary systems to achieve this implementation including the MIS Application, the Trading Hall Screen, the TV Application and the FIX Engine configuration.

### **Introduction of Property Sector**

A new sector by the name of 'Property' was introduced at PSX, taking the count of total sectors supported to 36. Modifications across a multitude of Ancillary Systems were needed to accommodate the sector addition and reflecting it in the numerous reports and within the relevant web portals, both internal PSX as well as the external facing. Incorporated changes to the MIS platforms, the corporate website and the Quotation System for effective reporting.

### **Marketing & Business Development**

The Marketing & Business Development (MBD) team enhanced its efforts to market PSX as an important conduit for raising capital and building wealth with focus on amplified brand building to boost PSX presence and image in current economic conditions. The Business Development team conducted activities to promote the capital market for building issuer pipeline and to disseminate awareness on the benefits of listing and its processes and procedures amongst companies, corporates, businesses, and industries. The purpose being to create the conviction factor that the Exchange is the resource for raising capital. Events, gong ceremonies, PR activities and investor & issuer awareness sessions, among others, were held. Digital marketing efforts, sessions on ESG and other efforts continued this year to promote the Exchange as an efficient, robust and transparent platform for investors, issuers and other market participants, and to achieve a year-round presence.

### **Business Development:**

The Business Development (BD) team with its focus on increasing issuer pipeline and facilitating potential issuers for raising capital, directed their efforts towards Chambers of Commerce & Industries, industrial and trade bodies & associations. Awareness sessions with as many as 23 Chambers of Commerce and Industry were held throughout the year to spread awareness about the Main & GEM Boards of PSX as well as for debt market development. Microfinance banks, telecoms, packaging and pharmaceutical industry were also approached to elicit their interest in raising capital from the Exchange. Roundtables, seminars and sessions were held on standalone basis and in collaboration with various stakeholders such as Association of Chartered Certified Accountants (ACCA), CFA Society Pakistan (CFASP), Pakistan Institute of Corporate Governance (PICG), and Institute of Chartered Accountants of Pakistan (ICAP) to create awareness and educate professionals on listing. 6 webinars were held to promote listing on the Exchange. For promoting digital TREC licenses and to encourage Fintechs to raise capital through the Exchange, roundtables were held with Pakistan Software Export Board (PSEB), securities brokers and the Securities & Exchange Commission of Pakistan (SECP).

An MoU was signed with ACCA to enable young professionals and ACCA members to upskill themselves and learn about the option, importance and process of listing on PSX; moreover, this MoU will enable PSX and ACCA to hold workshops and webinars to disseminate information on PSX's scope of activities as well as provide mentorship for start-ups to guide them on their financial activities and enhance their financial capabilities. PSX signed an MoU with



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Karandaaz, as well, to support with funding of listing expenses for prospective issuers on the GEM Board of PSX. In collaboration with Paklaunch, PSX hosted a roundtable on “Innovative Business Models and Digital Disruption in Capital Market of Pakistan” to encourage and support technology usage to create new business models and to understand their challenges with respect to how PSX can help address these.

Banks were approached by the BD team in order to guide and encourage them in becoming Market Makers. Consultants to the Issue were also briefed to create and enhance awareness on regulatory changes and listing products. Video Case Study series was also introduced by the BD team to showcase the listing journey of companies like Systems Limited and Interloop Limited to highlight the benefits of listing to other industry entities, businesses and enterprises.

### **Investor Education and Awareness:**

The Marketing team continued with its efforts to advocate investing on the capital market and promote financial literacy. Investor education was imparted to a large number of members of the public. A major part of the awareness sessions includes briefing the participants of the session about the stock market ecosystem, functions of the stock exchange, and the role played by the stock exchange in capital formation. Moreover, the attendees are guided on how to select a securities broker, how to open an account, pros and cons of various investment options available at PSX, and investor protection, among other topics. As many as 145 Investor Awareness Sessions were held nationwide to disseminate financial literacy and elicit interest of the general public including students, academics, professionals, salaried and self-employed persons, among others, to invest on the stock market. 12 webinars were organized to promote and spread awareness on products such as Sahulat Account, Shariah-compliant investments, ETFs, EIPO and Online Account. A short course was also conducted on stock market basics which was attended by a total of 778 participants in the course held twice throughout the year.

Targeted marketing campaigns towards potential investors was also carried out. Social media platforms, financial news websites, print media and television were leveraged to advertise the benefits of investing on the Exchange.

The ‘Knowledge Center’ was enhanced by the MBD team and it now has a large number of users in the current period under review. New calculators, one new online course module, and blog content were also introduced for the Knowledge Center.

‘My Portfolio’, a virtual trading tool of PSX to enable users to learn the ropes of investing on the stock market has been remarkably successful having over 16000 active users. This web-based app has been introduced to educational institutes, media journalists and professional institutes such as Institute of Cost & Management Accountants (ICMA) Pakistan and others through competitions and targeted marketing.

Securities brokers were also encouraged and supported to educate and facilitate them in order to raise UINs. A resource called the Marketing Activities Toolkit was made available to the brokerage houses. Through this resource, the Marketing team introduced provision of cross sharing campaigns to increase market outreach for the securities brokers.

### **Brand Communication & Events:**

Brand communication efforts continued in full swing to promote the PSX brand and present PSX’s soft image on the local and global stage. Efforts were made to strengthen brand equity and keep PSX brand at the top of the mind of the general public, simultaneously presenting PSX in a positive way. The PSX Annual Report FY2021-22 and the PSX Calendar were designed in new and innovative ways leveraging the touch points using digital aid technology. The calendar comprises of QR Code functionality which directs the users to different pages of the PSX website. The PSX newsletter, ‘At Pakistan Stock Market’ was also issued and uploaded on the PSX website.

The World Investor Week was celebrated to promote and disseminate awareness on the capital market and to spread financial literacy. The week-long event consisted of webinars, in-person sessions and discussions to educate the general public on importance of savings and investment, role of the stock market in capital formation and the economy, among other aspects of financial literacy.



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The year 2022 saw PSX winning the 'Best Islamic Stock Exchange Award' presented by Global Islamic Finance Awards (GIFA). This was the 2nd consecutive year in which PSX had been presented this award. International Women's Day was also celebrated along with many other exchanges throughout the world to highlight PSX's advocacy of gender equality and inclusivity. The Roshan Equity Investment (REI) marketing campaign was launched to promote and facilitate the (access to) stock market to overseas Pakistanis. Furthermore, gong ceremonies were held to mark the launch of HBL Total Treasury ETF and Globe Residency REIT.

To gain insights and learn from professionals about implementing ESG practices within organizations in the country by the three important sectors of automotive, banking & textile, two webinars were held on 'Sustainability Reporting & its Importance' and 'ESG Metrics & ESG Reporting Challenges'.

The fiscal year 2022-23 saw six events for brand and image building being held by the capital market of Pakistan.

### **Public Relations & Media:**

Media channels and sources were leveraged to present PSX's viewpoints and round-up of major events for general public consumption. PSX was presented positively with PSX developments, activities and offerings presented in as many as 23 media releases issued throughout the year which utilized 20 media vehicles and more than 300 appearances were leveraged to disseminate these media releases. This endorses PSX's role as a key capital market stakeholder. Furthermore, 7 articles and blogs were published and uploaded in newspapers and electronic media to propagate awareness about the capital markets and importance of savings and investments. 15 interviews of PSX spokesperson(s) were published or streamed. Media briefings were planned with journalists as they are the main communication sources for reaching out to a wider audience and the general public. Media briefings were convened on the launch of the New Trading & Surveillance System and PSX's presentation of budgetary proposals, among others. Multiple events welcoming dignitaries and delegates to the Exchange were also held.

### **Digital Marketing:**

Digital and social media platforms were used to promote and propagate PSX brand and the capital market education. The purpose being to increase outreach, educate and facilitate the general public, specifically students, youth, housewives, salaried and self-employed individuals who have access to online platforms, about the capital market and activities related to it. The PSX Urdu website, a worthwhile achievement, was launched which was imperative to reach out to the masses and the public at large for whom Urdu is the language of preference. Furthermore, the PSX Glossary segment on the website was introduced. This is a collection featuring 375 words and concepts from the financial world to enhance and enable understanding of investment in the stock market.

Social media activities continued throughout the year with development of engaging and informative video content including 24 videos, 20+ infographics, and 12 webinars to explain investment concepts and market trends. Social media traffic on PSX accounts across various digital platforms has also been enabled such as to register a significant increase in visitor interest in the same. The PSX digital channels such as those on Facebook, Instagram and Twitter also witnessed significant increase in followers in the current period under review.

### **CSR & Sustainability Update**

PSX continued to play its part in CSR activities and Sustainability, specifically in terms of caring for the society and the environment. Subsequent to the unprecedented heavy rainfall and flooding in Pakistan in 2022, the PSX management and employees, in collaboration with Central Depository Company (CDC), contributed food, shelter/ camps, medical supplies and basic necessities to flood relief victims. Through the good offices of five NGOs, these supplies and necessities were provided and distributed to the flood affectees.

### **Initiatives by Regulatory Affairs Division [RAD]**

The core functions of RAD are to frame and update PSX Regulations, devising policies, monitoring compliance, taking enforcement actions against non-compliant securities brokers and listed companies and ensuring investor education and advocacy. Moreover, RAD provides a platform to the investors for lodging their complaints for efficient redressal. The RAD is headed by the Chief Regulatory Officer.



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During the year 2022-23, the RAD took following major steps in line with international best practices, mainly aimed at promoting ease of doing business for market participants, enhancing transparency & efficiency and protecting interests of investing public:

**Introduction of ‘Online Only’ Category of Securities Brokers:**

The introduction of ‘Online Only Securities Brokers’ is in continuation of PSX’s initiatives to expand market outreach, increase customer base and enhance liquidity. This new category is introduced to promote digital on-boarding of customers and provide online trading facilities to investors. Online Only category of brokers would encourage new participants to commence securities brokerage business at lower operational and overhead costs. It would also allow existing securities brokers to opt for this category to lower such costs and use electronic means only to focus on their core business of trading.

**Ease of Reporting and Compliance Obligations for Securities Brokers:**

In continuation of PSX’s efforts to promote ease of doing business and automation of regulatory filing, following requirements have been eased out:

- (i) The frequency of submission of pattern of shareholding has been increased from ‘quarterly’ to ‘half yearly’ basis.
- (ii) The requirement to obtain sign of customer on tariff schedule at the time of opening of trading account has been made flexible by replacing it with the requirement to seek consent of the customer through signature or using digital means or otherwise in written form.
- (iii) The requirement that any change in brokerage commission rates will take effect after the same is agreed and duly signed by the customers has been replaced with the requirement to communicate such change to customers by securities brokers at least 30 days in advance of the effective date of the change.
- (iv) Considering that the THIMS has been updated to enable electronic filing of half-yearly and annual financial statements, the requirement to submit hard copy thereof is removed from PSX Regulations.
- (v) The requirement relating to regular six-monthly reporting of compliance status by the compliance officers of securities brokers to the Exchange has been removed. Instead, the compliance officers must now report to the Exchange the material violation(s) as newly set out in the PSX Regulations.

**Introduction of Platform for Filing and Deciding Appeals of Securities Brokers against the Enforcement Action Taken by the CRO-PSX:**

As a front-line regulator, PSX is mandated under the Securities Act, 2015 to frame regulations and enforce them with an aim to ensure market discipline, transparency and fairness.

In order to formalize and standardize the above practice, RAD has put in place the standardized procedures for hearing and deciding appeals filed by the securities brokers against the penal action taken by PSX against them under PSX Regulations.

In addition to the above, PSX has also recommended the Commission for implementation similar appeal procedures for the listed companies.

**Introduction of Enabling Provisions Relating to PRIDE:**

PSX had launched an online portal with the name of PRIDE (Public-Offerings Revolutionized through an Integrated and Digitized Experience) to automate the listing process from end-to-end by allowing the Advisors/Consultants to submit the listing application and supporting documents electronically. PRIDE aims to improve work flow and enable listing applications to be processed faster. PSX Regulations have been updated to make PRIDE mandatory for listing purpose and majority of the references relating to filing of physical documents on part of the company/ consultant have been removed.

**Introduction of Market Misconduct Regulations as New Chapter 7A in PSX Regulations:**

PSX has introduced a new Chapter 7A titled “Market Misconduct Regulations” in the PSX Regulations in line with the relevant sections of the Securities Act, 2015 and Futures Market Act, 2016 (Acts). This newly inserted chapter enhances the powers of PSX to detect various types of market misconducts and obtain information, records and documents from the concerned securities brokers and listed companies. PSX shall continue to forward its finding report to the Commission for further action as per the Acts.

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### **Revamping of Sahulat Account Opening Form (Sahulat Form):**

Pursuant to introduction of Sahulat Form, PSX has introduced following reforms therein with an aim to increase onboarding of customers:

- (i) Opening of Sahulat Form through digital means which include onboarding of customers through Centralized Gateway Portal of CDC.
- (ii) Enhancement of position limit on customer from PKR 800,000 to PKR 1,000,000.
- (iii) Market-wide clarification issued for clarity that no specific evidence of source of income is needed for low-risk customers desirous of opening Sahulat Account.

In addition to the above, PSX has also recommended the Commission to remove duplicate fields from the Sahulat Form in order to ease the process of account opening.

### **Opening Online Account of Individual Local Customers Through the Centralized Gateway Portal (CGP):**

CGP is an electronic and centralized information database portal established for digital onboarding of customers of Capital Market, NBFCs, Insurance or any other financial intermediary. The CGP has been developed to eliminate the need for opening and maintaining separate accounts with the securities brokers, AMCs, Insurance Companies, etc. The CGP would facilitate prospective investors of one asset class to connect with other asset classes through a standardized, centralized customer information database. The account opening forms are accordingly being amended to enable onboarding of clients through CGP.

### **Enhancement of PUCARS Availability Time for Posting of Announcements:**

In order to facilitate listed companies in making pending announcements before the opening of market on next trading day, PSX has enhanced the timing of PUCARS by 1 hour and 15 minutes on Monday to Thursday and by 1 hour on Friday from 8:00 AM till close of market.

### **Notification of Guidance Notes for Listed Companies on Continuous Disclosure and Reporting Obligations Under PSX Regulations:**

With an aim to provide greater clarity and transparency and facilitate the listed companies in ensuring meticulous compliance with the continuous disclosure and reporting obligations under PSX Regulations and in line with the international best practices, PSX has notified the Guidance Notes for listed companies vide notice dated July 06, 2023.

### **Deployment of Automated New Surveillance System (NSS):**

After dedicated efforts and continuous engagements with relevant parties internally as well as externally including SZSE, RAD has ensured successful deployment of much-awaited robust NSS with effect from the go-live date of NTS. The NSS is capable of generating alerts based on real time data and has enhanced the scope of the trade level assessments to effectively detect the potential cases of market misconduct.

### **Implementation of Minimum Information Security Standards by the Securities Brokers:**

RAD has consolidated and redefined PSX's existing information security policies and guidelines for the securities brokers in accordance with the international best practices. The Minimum Information Security Standards provide additional controls and measures to ensure the confidentiality, integrity, and availability of information, which is critical for the efficient and seamless operations of the capital market.

### **Implementation of Early Warning Signs:**

RAD has introduced the 'Early Warning Signs' (EWS) System which includes various risk parameters/ alerts to monitor the financial and operational health of securities brokers. EWS is a formal and structured mechanism for inspection, timely detection of potential vulnerabilities/ irregularities, pre-empt potentially high-risk securities brokers, and taking corrective actions in the interest of customers.

### **Revival of Companies Placed on the Defaulters' Segment:**

RAD constantly engages with the listed companies on the Defaulters' Segment in order to facilitate them in ensuring regulatory compliances and restore their normal listing and trading status in the larger interests of the shareholders and market. During the year, 12 listed companies were shifted to Normal Counter through these concerted efforts which include 6 listed companies that had revived through resumption of their business activities either through change of

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management, merger or acquisition under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

**Requiring Listed Companies to Hold Corporate Briefing Session (CBS):**

In order to accentuate the significance of CBS, PSX has amended its Regulations to require every listed company to hold at least one CBS during the financial year. Moreover, RAD has revamped the manner of conducting CBS and re-notified the same on November 18, 2022 for compliance by the listed companies accordingly.

**Dissemination of Information Relating to Statement of Compliance of Listed Companies With the Listed Companies (Code of Corporate Governance) Regulations, 2019:**

In order to ensure greater transparency and ease of access, PSX has started to disseminate the statements of compliance of Listed Companies with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Auditor's Review Report thereon as reported by their auditor, in a consolidated manner on PSX website for the ready information of public.

**Initiation of Back-Office Audit of the Securities Brokers:**

With the approval of the Commission, PSX has been empowered to conduct verification, review, or inspection of securities brokers in order to ascertain the compliance status pertaining to Information Technology, Information Security and usage of software/ application by the securities brokers for the purpose of trading. PSX, through the cross functional teams, comprising of individuals with relevant experience, conducts the back-office audits of securities brokers.

**Inspection, Reviews, Supervision and Monitoring:**

- RAD conducted surveillance activities in the areas including but not limited to blank sale in ready market, blank sale through normal sale order window in futures market, unusual deals in NDM and Market Misconducts etc. During the year, RAD referred 12 cases of Market Misconduct to SECP wherein the assessments included relevant explanation/ information and/ or records obtained from concerned securities brokers through which suspicious UINs had traded.
- RAD in Audit and Inspection performed the following activities:
  - (a) Reviewed reports received through the following sources and took appropriate enforcement actions against non-compliant securities brokers:
    - i. System Audit;
    - ii. Joint Inspection; and
    - iii. Internet Based Trading Services (IBTS) Audit.
  - (b) Performed thematic reviews to ascertain compliance status of the securities brokers in the following high-priority areas of PSX Regulations and Securities Broker (Licensing and Operations) Regulations, 2016:
    - i. Maintenance of minimum net worth;
    - ii. Appointment and responsibilities of the Compliance Officer of a broker;
    - iii. Maintenance of functional website;
    - iv. Cash receipt and payments from/to clients; and
    - v. Minimum brokerage commission.
  - (c) Performed off-site inspections to monitor compliance with segregation of clients' assets by the securities brokers.
  - (d) Performed off-site monitoring of the following periodic reports filed by brokers:
    - i. Annual Verified Clients Assets Segregation Statements (CASS);
    - ii. Monthly and Reviewed Liquid Capital Statements;
    - iii. Fortnightly CASS Reporting;
    - iv. Monthly net worth statements;
    - v. Quarterly compliance report of functional and accessible website;
    - vi. Quarterly customer grievances details; and
    - vii. Mandatory submission of financial statements.

- RAD monitored compliance by the listed companies/ issuers of securities in areas including but not limited to transmission of annual or quarterly financial statements; holding of Annual General Meeting; submission of details of periodic and annual Free Float of shares; payment of PSX Annual Listing Fee/ SECP Supervisory Fee; disclosure of trades by the Directors and other relevant persons; and disclosure of price-sensitive/ material information.

#### Joint Inspection:

The Joint Inspection Team performed the following inspections as per the Annual Inspection Plan for the year 2022-23:

S. #	Inspection Type	Inspections Completed	Inspections in Process
		No. of Securities Brokers	
(i)	Thematic Review on limited areas of AML / CFT Regulations	34	-
(ii)	Thematic Review on limited areas of AML / CFT and Joint Inspection Regulations, 2015	25	2
(iii)	Follow up Inspections on Thematic Reviews relating to AML / CFT Regulations	10	-
	<b>Total</b>	<b>69</b>	<b>2</b>

#### Investor Education and Regulatory Awareness:

As part of RAD's efforts to enhance investor education and regulatory awareness, RAD regularly conducts sessions with market participants, issues regulatory notifications, clarifications, interpretations, and investor bulletins from time to time. RAD has ensured creation of dedicated space on PSX website where relevant information is displayed. RAD also interacts with listed companies through issuance of advance reminder notices with an aim to ensure strong compliance culture.

#### Trading & TREC Affairs Department

PSX has recently achieved a significant milestone by launching the New Trading & Surveillance System (NTS), which is a testament to its commitment to upgrading and enhancing its technological capacity and the scalability of its systems. NTS is a state-of-the-art, highly advanced securities trading and surveillance system that is both safe and reliable. It boasts of high-performance, high scalability, and low latency, making it a cutting-edge system that is designed to meet the evolving needs of the market. With the launch of the NTS, PSX has taken a significant step towards providing its clients with a seamless and efficient trading experience.

The New Trading & Surveillance System (NTS) implemented by PSX is a highly advanced system that has been operational in the Shenzhen Stock Exchange (SZSE), China, for over 20 years with an impeccable safe-operations record. NTS runs on top-of-the-line servers with faster processing and trade execution speed, providing enhanced capacity to handle increased trading volumes. This remarkable implementation has enabled PSX to enter a new era of technological advancement and be competitive globally. Trading & TREC Affairs team had been a lead implementation partner of the NTS who was involved in every aspect of the process; from the formulation of business rules, system testing, TREC Holders' engagement and post implementation oversight.

Pakistan Stock Exchange (PSX) has taken another significant step forward in offering innovative products and investment opportunities to the investors by launching the HBL Total Treasury Exchange Traded Fund (HBLTETF). This is the 7<sup>th</sup> ETF listed on the Exchange and is a major development expected to attract investors to invest in fixed income Government Debt Securities. This move is part of PSX's and the mutual fund industry's efforts to provide a wide range of low-cost ETFs for investors, enabling them to easily take exposure to different asset classes and investment strategies. The launch of HBLTETF is a testament to PSX's commitment to providing innovative investment solutions to its clients and to promoting the growth of the capital market in Pakistan.

PSX has taken a major step towards facilitating investors, stakeholders, and market participants by launching its first dividend-based fundamental index, the PSX Dividend 20 Index. This index is designed to track the performance of the top 20 dividend-paying companies at PSX, with the companies ranked and weighted based on their trailing 12-month dividend yield. The launch of this index is a significant development that is expected to provide investors with a new investment opportunity and enable them to benefit from the dividend-paying potential of the top-performing companies at PSX.



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As part of its ongoing efforts to facilitate investors, PSX in collaboration with Meezan Bank Limited, has launched a dedicated Shariah-compliant trading platform for Roshan Digital Account (RDA) investors. This platform is designed to cater to investors who prefer investing and trading in line with agreed Shariah principles. The trading platform is accessible through PSX's online trading system, KiTS (Karachi Internet Trading System), providing investors with a convenient and secure way to invest in Shariah-compliant securities.

PSX has also introduced a new 'Property' sector for non-REIT real estate-related listed companies. This addition to the index is expected to provide investors with a more comprehensive and accurate reflection of the economy, with a distinct representation of the important real estate and construction sectors on the Exchange platform. The launch of this index is a significant development that is expected to provide investors with a new investment opportunity and enable them to benefit from the growth potential of the real estate and construction sectors in Pakistan.

PSX, in collaboration with the Institute of Financial Markets of Pakistan (IFMP), has signed a Memorandum of Understanding (MoU) with the Chartered Institute for Securities & Investment (CISI) UK. This landmark agreement aims to enhance the skill-sets of human resources engaged in the capital markets, enabling market intermediaries to provide high-quality services to their clients and boost investor confidence. The MoU focuses on training and upgrading the skills of professionals in the capital markets, with the ultimate goal of improving the overall quality of services provided by market intermediaries. This partnership is a significant development that is expected to contribute to the growth and development of the capital market in Pakistan.

PSX has taken several initiatives to strengthen and leverage the relationship between banks and brokerage firms. One such initiative is the implementation of KYC sharing between banks and brokers, which is expected to significantly improve the client on-boarding process for opening brokerage accounts. This landmark initiative is expected to contribute to the growth of the investor base and improve the overall on-boarding experience for investors. Additionally, PSX has made efforts to expand its outreach and become more accessible to retail investors by implementing simplified account opening procedures and documentation for Sahulat accounts as well as continued improvements in the Online account opening process. These initiatives are expected to contribute to the growth and development of the capital market in Pakistan.

### **Legal & Corporate Affairs Department**

- During the financial year, the Legal and Corporate Affairs Department (the department) of the Exchange regulated & facilitated the efficient conduct of meetings of the Board, relevant Committees and the General Body in a timely basis; completed necessary filings; and ensured compliance with all legal and regulatory requirements. Moreover, the shareholders of PSX were served on various matters related to their shareholding in a timely manner. In addition, the department submitted significant comments for various changes proposed and/or notified by SECP in the applicable regulatory framework.
- The department ensured that PSX's interests are safeguarded from a legal perspective when it enters into business relationships with outsiders or takes any action having legal consequences through the timely provision of legal opinions to the Board, its Committee(s) or any department of the Exchange. The department managed a significant proportion of the legal work internally (in-house) to save the organisation cost. All legal documents were vetted properly, and suggestions/comments thereon were conveyed to the concerned departments within a reasonable period.
- The contingencies in respect of legal matters of PSX which stood at PKR 11.3 billion as of June 30, 2019, were reduced to PKR 420 million as of June 30, 2022, and the same was maintained as of June 30, 2023, with continuous efforts made by the department.

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# Products and Services

## **PSX Products**

- Equity Segments, known as Ready Market (T+2)
- Bills & Bonds (for trading in government debt securities & corporate debt)
- Futures Counter
  - Deliverable Futures Contracts
  - Stock Index Futures
- Negotiated Deal Market
- REIT
- Exchange Traded Funds
- GEM Board

## **Investor Services**

- Automated Trading (through TRECHs)
- EIPO
- PSX Corporate Website ([www.psx.com.pk](http://www.psx.com.pk))
- PSX Data Portal ([dps.psx.com.pk](http://dps.psx.com.pk))
- Market Data (through Data Vendors)
- Book Building (through Book Runners)

## **Upcoming Products and Services:**

- Revival of Cash Settled Futures
- Revamp GDS Trading Flow
- Single Stock Equity Options



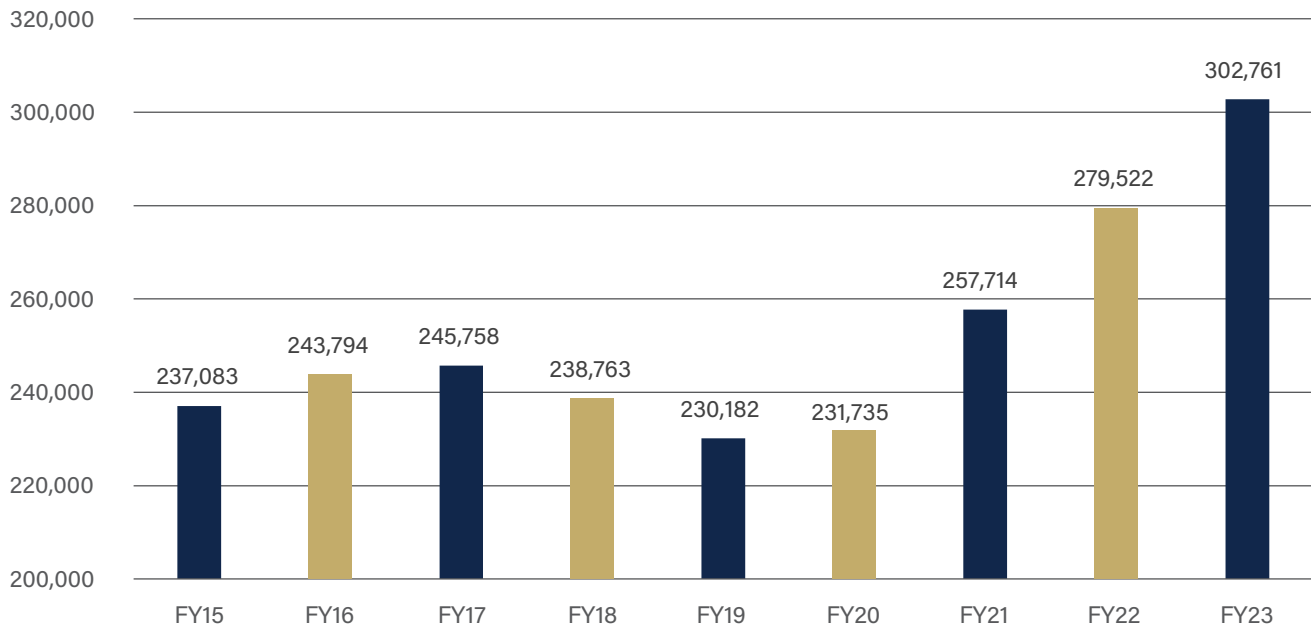
# Highlights

Key Financial Highlights (Six Years at a Glance)

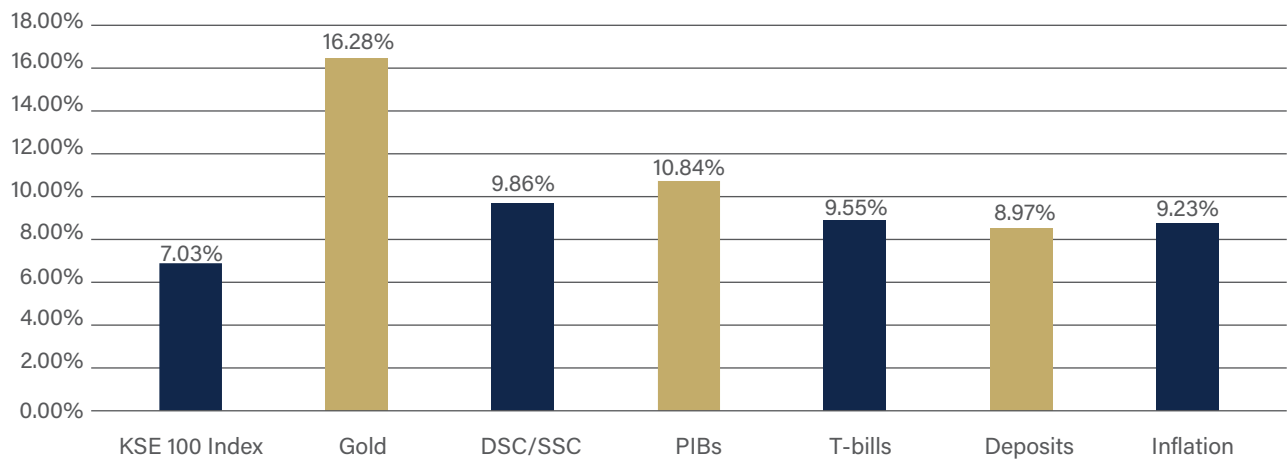
	2018	2019	2020	2021	2022	2023
------(Rupees in millions)-----						
Share Capital	8,015	8,015	8,015	8,015	8,015	8,015
Reserves	(11)	61	232	954	1,217	1,448
Surplus on Revaluation of Assets - Net of Tax	709	815	815	762	968	933
<b>Total Equity</b>	<b>8,713</b>	<b>8,891</b>	<b>9,062</b>	<b>9,731</b>	<b>10,200</b>	<b>10,396</b>
Long Term Liabilities	421	301	640	578	836	604
Current Liabilities	1,042	1,104	1,610	1,685	1,613	2,036
Liabilities related to assets held for distribution to shareholders / disposal	-	323	323	-	-	-
<b>Total Liabilities</b>	<b>1,463</b>	<b>1,728</b>	<b>2,573</b>	<b>2,263</b>	<b>2,449</b>	<b>2,640</b>
Fixed Asset	4,883	411	1,000	4,987	5,861	5,823
Other Long Term Assets	2,510	2,758	3,139	3,942	3,531	3,707
Current Assets	2,783	2,753	2,767	3,064	3,257	3,506
Assets held for distribution to shareholders / disposal	-	4,697	4,729	-	-	-
<b>Total Assets</b>	<b>10,176</b>	<b>10,619</b>	<b>11,634</b>	<b>11,993</b>	<b>12,648</b>	<b>13,036</b>
<b>Operational Results</b>						
Total Income	1,240	1,280	1,373	2,095	1,887	1,824
Total Expenses	1,127	1,188	1,182	1,372	1,427	1,574
Profit Before Tax	113	92	191	723	460	250
Profit After Tax	62	88	194	696	399	220
<b>Ratios</b>						
Current Ratio	2.67	2.53	1.49	1.81	2.02	1.72
Quick Ratio	0.60	0.42	1.12	1.80	2.01	1.71
Net Profit Margin	5%	7%	14%	33%	21%	12%
Expenses as a percentage of Revenue	91%	93%	86%	66%	76%	86%
Profit Before Tax as a percentage of Revenue	9%	7%	14%	34%	24%	14%



## Total UIN's



## Historical Asset Class Returns in Pakistan - FY 2014 - 2023\*



\*Compounded Annualized Returns (Estimated)



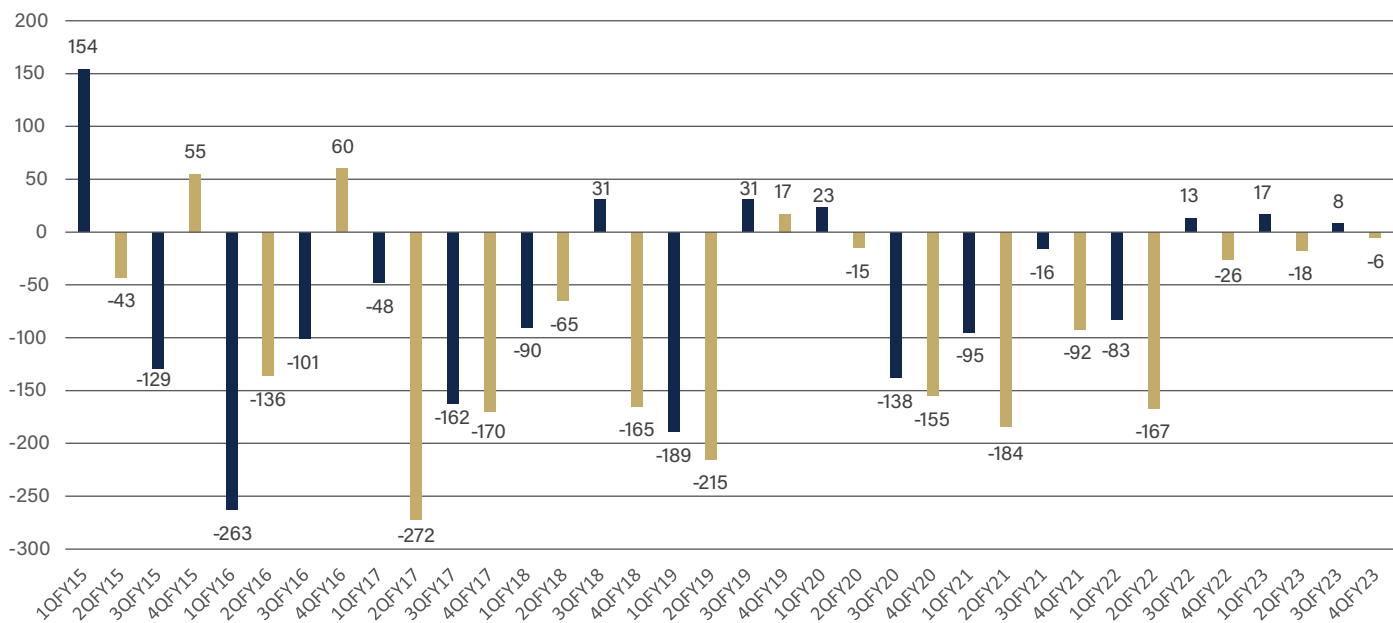
# Summary of Trading Right Entitlement (TRE) Certificate Holders of Pakistan Stock Exchange Limited (PSX)

TRE Certificate (TREC) Holders - July 01, 2022 till June 30, 2023						
Location	TREC Holders as of July 01, 2022	Issued TRE Certificate	Forfeited / Expelled/Cancelled	Lapsed	Relinquished /Surrendered	TREC Holders as of June 30, 2023
Karachi	155	4	2	0	8	153
Lahore	79	0	1	0	0	78
Islamabad	45	0	0	0	1	44
Total	279	4	3	0	9	271

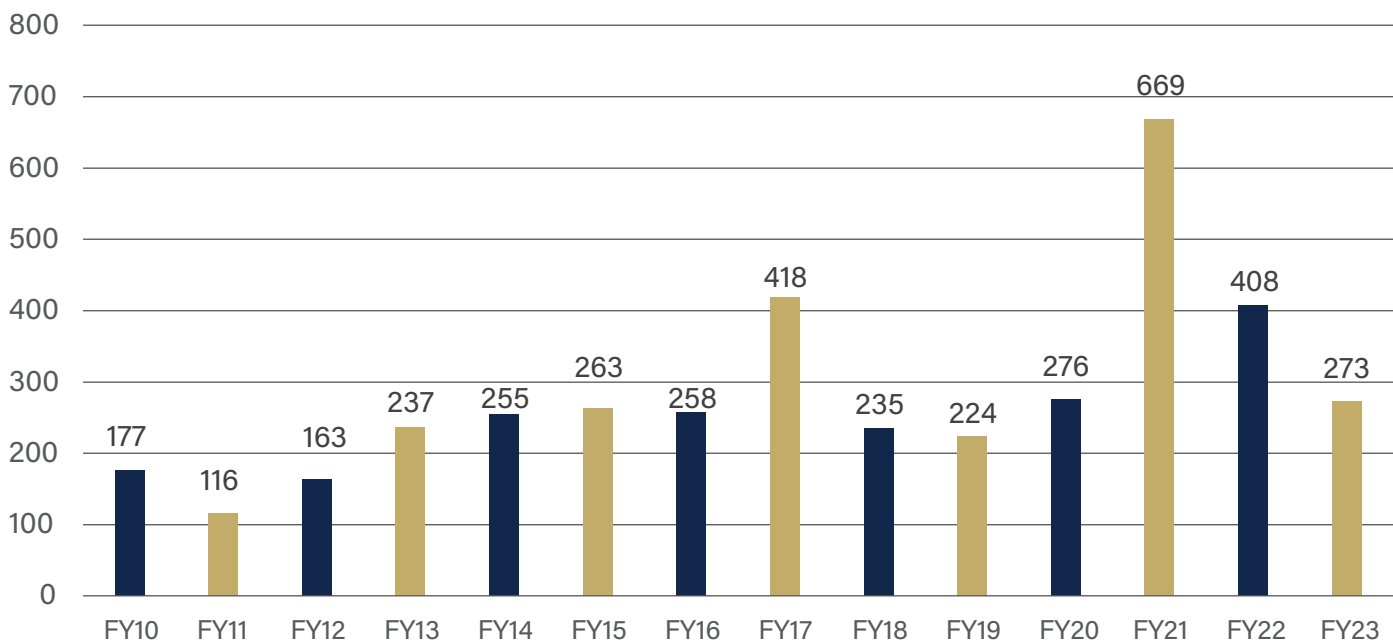
## Month-wise Trade Volumes & Value in Each Market Segment

Month	Volume (No. Mn)		Value (PKR Mn)		No. of Trading Days	Avg. Daily Traded Volumes (Mn)		Avg. Daily Traded Value (PKR Mn)	
	DFC	Ready	DFC	Ready		DFC	Ready	DFC	Ready
Jul-22	1,408	2,633	47,502	85,715	18	78.24	146.28	2,638.99	4,761.92
Aug-22	2,375	6,919	86,088	196,696	21	113.11	329.48	4,099.42	9,366.46
Sep-22	1,774	3,878	85,628	145,720	22	80.63	176.27	3,892.18	6,623.65
Oct-22	2,173	5,847	100,430	166,273	21	103.47	278.44	4,782.40	7,917.75
Nov-22	1,756	4,309	84,828	131,715	21	83.64	205.20	4,039.40	6,272.16
Dec-22	1,331	4,015	56,490	112,545	22	60.49	182.50	2,567.72	5,115.69
Jan-23	1,672	3,920	76,620	137,595	22	75.98	178.17	3,482.71	6,254.31
Feb-23	1,543	3,698	79,722	131,934	22	70.14	168.10	3,623.73	5,997.00
Mar-23	1,515	3,551	60,885	150,357	20	75.74	177.54	3,044.27	7,517.86
Apr-23	1,003	1,939	36,895	59,329	16	62.71	121.22	2,305.91	3,708.09
May-23	1,554	3,581	56,460	109,611	22	70.62	162.75	2,566.36	4,982.30
Jun-23	1,572	3,233	54,069	91,449	19	82.72	170.15	2,845.73	4,813.12
<b>Total</b>	<b>19,676</b>	<b>47,523</b>	<b>825,616</b>	<b>1,518,939</b>	<b>246</b>				

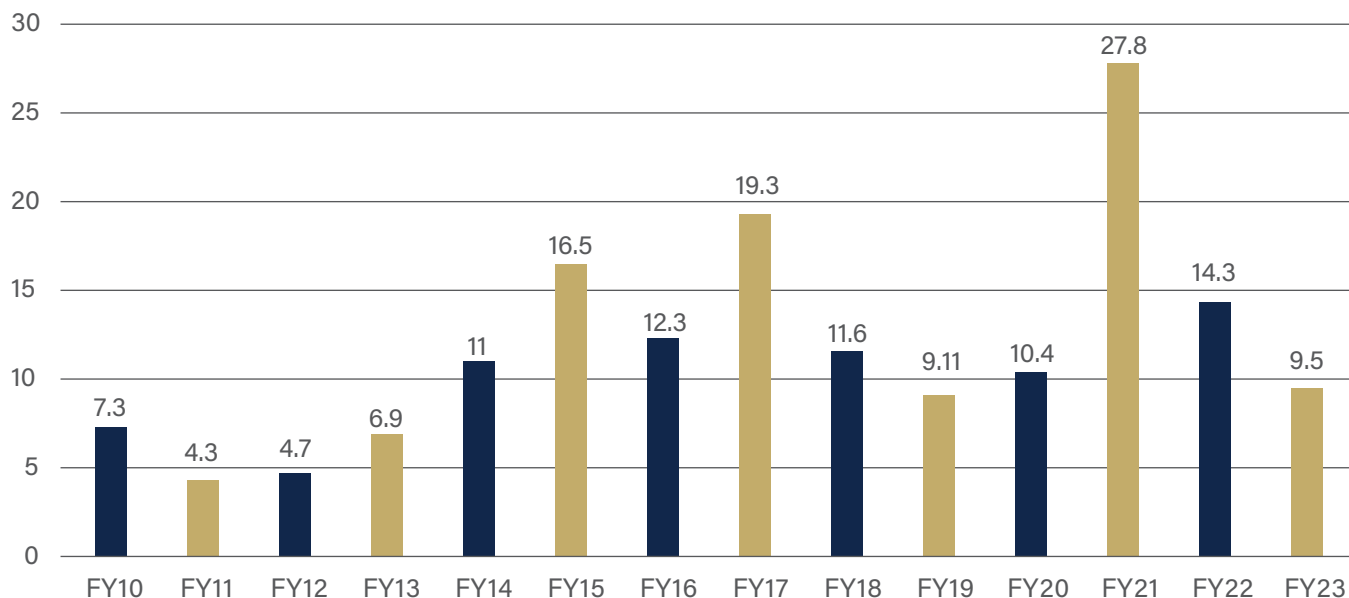
## Foreign Investors Net Inflows/Outflows (USD million)



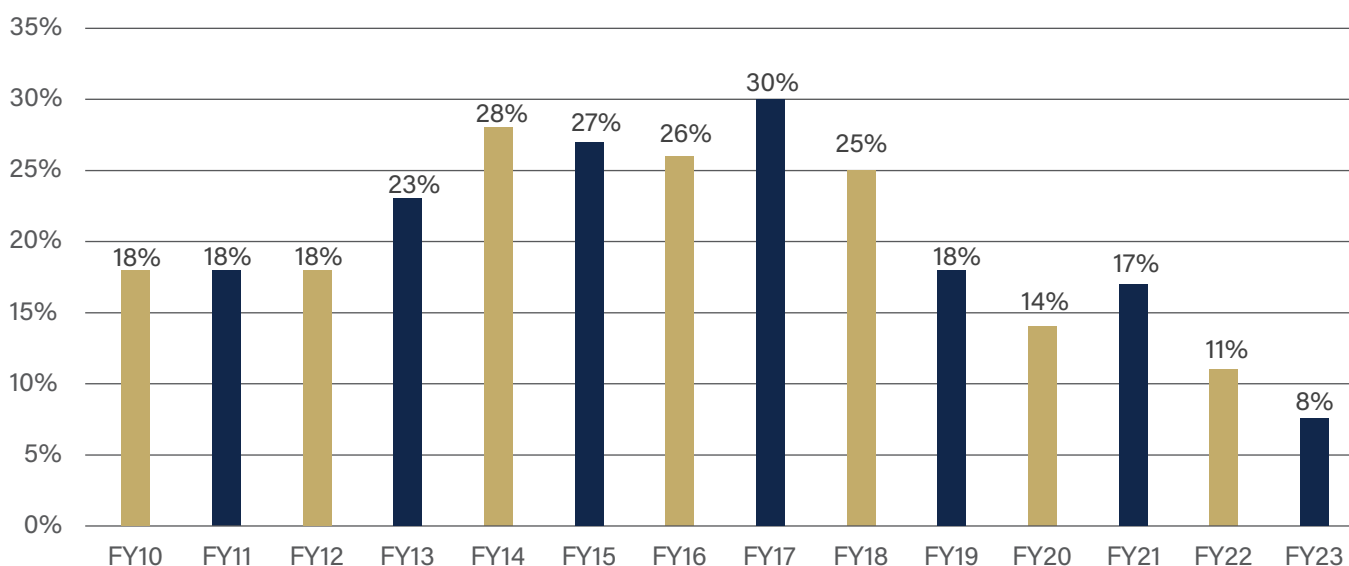
## Average Daily Traded Volume (Ready + Futures) - No. of Shares in Million



### Average Daily Value Traded (Ready + Futures) - PKR billion



### Market Capitalization to GDP Ratio



### Summary of Customer Compensation Fund

#### "Summary of Centralized Customers Protection Compensation Fund As at June 30, 2023 (unaudited)"

Particulars	Amount (Rupees)
Opening Balance July , 2022	4,836,211,477
Contribution during the year	751,066,146
Amounts Utilized during the year	(11,029,186)
Audit Fee	(286,000)
Others	(160,700)
<b>Fund position as at June 30, 2023</b>	<b>5,575,801,737</b>

## Summary of Enforcement Actions Taken During the Year 2022-23

### Enforcement Actions Against Non-Compliant Securities Brokers:

A summary of enforcement actions taken against the non-compliant securities brokers during the year is tabulated below:

Summary of Enforcement Actions Taken During Year 2022-2023						
Sr.#	Activities	No. of Hearings/ Explanation	No. of Actions	Type of Enforcement Action		
				No. of Warning/ Advice	No. of Fine Imposed	Trading Terminals Suspended
a	System Audit	13	13	10	03	0
b	IBTS Audit	01	0	0	0	0
c	JIT / AML CFT Thematic	15	48	42	06	0
d	Other Regulatory Actions	02	24	02	0	22
e	Thematic Reviews / Off-Site	18	21	15	06	0
f	CASS Off-Site	05	06	01	05	0
g	Blank Sale under Ready Market	06	11	07	04	0
h	Blank Sale resulting into Delivery Defaults		03	01	02	0
	Total	60	126	78	26	22

### Enforcement Actions Against Non-Compliant Listed Companies:

A summary of enforcement actions taken against the non-compliant listed companies during the year is tabulated below:

S.#	Description	No. of Companies
(i)	Placement of listed companies in the Defaulters' Segment	7
(ii)	Freezing of shareholdings of Sponsors, Directors and Senior Management of listed companies placed on the Defaulters' Segment as well as restriction in transfer of shares in physical form	7
(iii)	Suspension of trading in shares	1
(iv)	Shifted to Normal Counter upon rectification of default(s)	12
(v)	Restoration of trading in the shares of listed companies quoted in the Defaulters' Segment	4
(vi)	Delisted from the Exchange	4
(vii)	Issuance of Continuous Suspension Notices	73
(viii)	Addition or rectification of non-compliances in listed companies already Quoted in Defaulters' Segment	56
(ix)	Compulsory buy-back direction issued	3

## Claims Received & Verified Against Former TREC Holders

RAD made a significant contribution to protect the rights and interests of the long outstanding claimants of the three (03) forfeited TRE Certificate Holders.

RAD is fully committed to continue its endeavor to complete settlement of long-awaiting claimants of remaining defaulted TRE Certificate Holders provided that the requisite clearances are provided from the relevant competent authorities.

## Complaints Against Securities Brokers and Listed Companies

(i) A summary of the number of complaints registered against active securities brokers during the aforesaid period is given below:

Opening No. of Complaints	Complaints Received During the Year	Resolved Through Mediation	Complaints Settled Through Arbitration	Complaints Outstanding
95	335	254	7	169

(ii) A summary of complaints received on the PMDU Portal and resolved during the review period is given below:

Opening	Received	Resolved	Dropped	Closing
12	38	45	5	0

(iii) RAD also addressed 21 complaints received from different sources regarding various matters of the listed companies placed in the Defaulters' Segment.

## Summary of Penalties Imposed and Recovered During the Year 2022-2023

Fine imposed on securities brokers	PKR 4,638,408
Fine recovered from securities brokers during the year	PKR 4,236,108
Fine imposed on listed companies	PKR 8,974,800
Fine recovered from listed companies during the year	PKR 5,115,000

# Market Performance

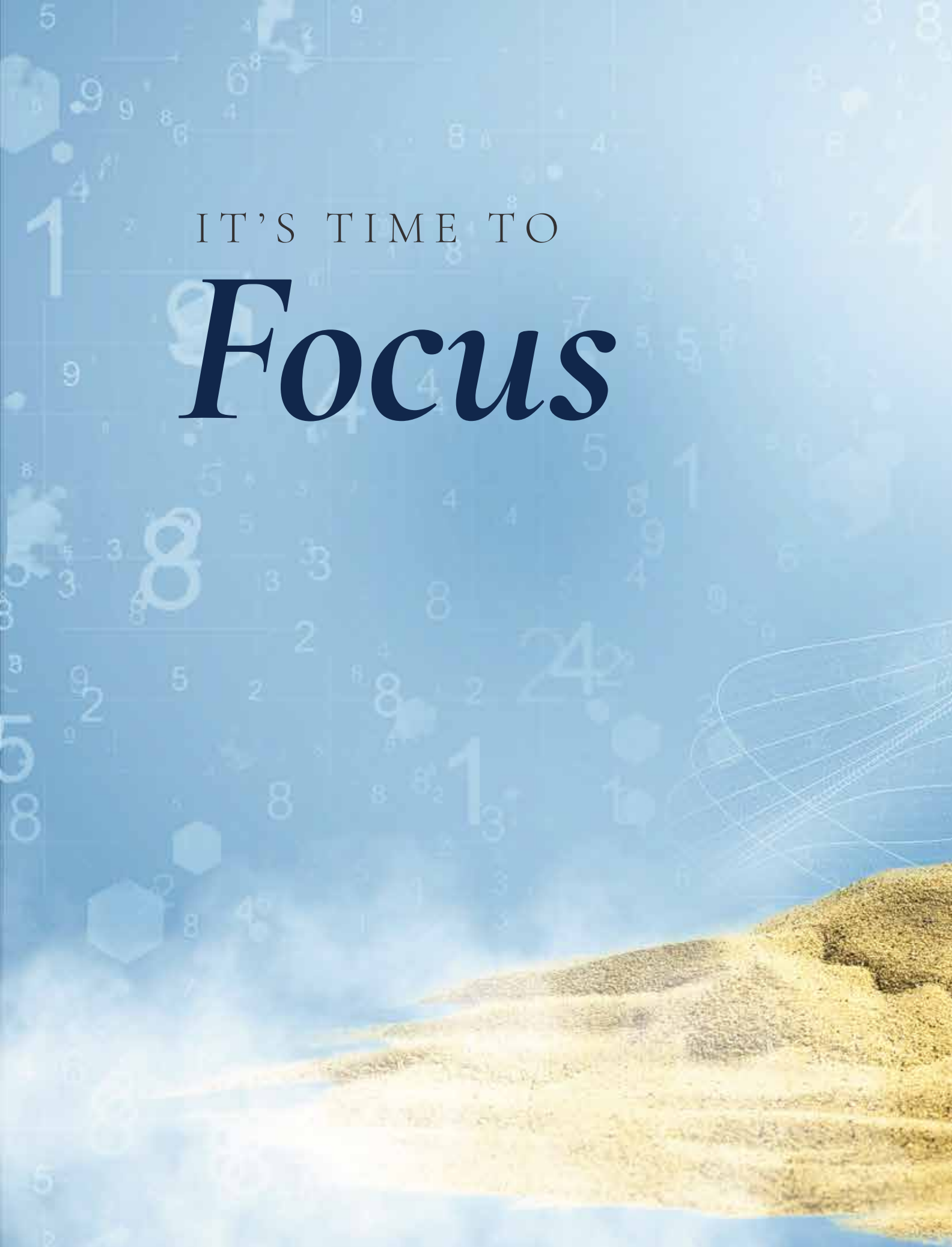
Performance of Top 10 Sectors by Market Cap

Top 10 Sectors by MCAP	Market Capitalization				No. of Companies in KSE 100
	30-Jun-23	% of Total MCAP	30-Jun-22	Growth	
Commercial Banks	1,011,875,795,345	15.9%	1,121,931,666,608	-9.8%	13
Oil & Gas Exploration Companies	812,491,663,723	12.8%	869,323,461,498	-6.5%	4
Food & Personal Care	690,461,107,536	10.8%	710,931,703,963	-2.9%	7
Chemical	479,041,720,074	7.5%	413,891,383,806	15.7%	5
Fertilizer	473,148,687,360	7.4%	527,337,662,789	-10.3%	5
Cement	444,827,535,612	7.0%	411,883,326,885	8.0%	7
Textile Composite	248,139,002,489	3.9%	272,426,615,088	-8.9%	4
Technology & Communication	246,081,604,167	3.9%	241,830,699,697	1.8%	5
Automobile Assembler	231,338,306,257	3.6%	311,233,793,289	-25.7%	5
Power Generation & Distribution	215,713,456,733	3.4%	248,964,138,966	-13.4%	3



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# Market Highlights

Description	2019	2020	2021	2022	2023
Total Listed Companies	544	530	532	530	524
Total Listed Capital (PKR in million)	1,340,270	1,391,478	1,442,639	1,525,899	1,627,167
Total Market Capitalization (PKR in million)	6,887,301	6,529,707	8,297,305	6,956,508	6,369,473
New Companies Listed	2	-	5	5	4
Listed Capital of New Companies (PKR in million)	10,161	-	17,642	15,209	8,664
New GEM Companies Listed	-	-	-	3	-
Listed Capital of New Companies (PKR in million)	-	-	-	1,597	-
New Debt Instruments Listed	9	7	6	4	10
Total Issue Size of New Debt Instruments (PKR in million)	42,820	234,624	251,967	11,600	54,173
Total Shares Volume – Ready Market (shares in million)	39,943	52,382	137,341	76,908	51,806
Average Daily Share Volume – Ready Market (shares in million)	164	211	552	309	211
Average Daily Trade Value – Ready Market (PKR in million)	6,364	7,214	19,201	9,662	6,117
<b>KSE Indices</b>					
<b>KSE - 100 Index</b>					
Year End	33901.58	34421.92	47356.02	41540.83	41452.69
High	43556.63	43218.67	48726.08	48112.21	43888.23
Low	33166.62	27228.80	34889.41	40879.93	38135.53
<b>KSE - All Share Index</b>					
Year End	24986.05	24660.31	32479.82	28582.29	28111.03
High	31304.20	30058.44	33103.22	32821.75	30102.48
Low	24582.48	20043.89	24959.44	28110.70	25881.24
<b>KSE - 30 Index</b>					
Year End	15892.99	14862.25	18961.90	15805.04	14636.72
High	21728.88	20032.51	19731.43	19365.90	16646.37
Low	15733.71	11833.83	15121.75	15567.96	14029.75
<b>KMI - 30 Index</b>					
Year End	54118.51	54995.25	76621.54	68766.37	70748.13
High	73910.98	70790.23	80168.03	78521.49	73985.43
Low	51963.15	41364.54	56459.32	66851.15	64519.84

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**Notes:**

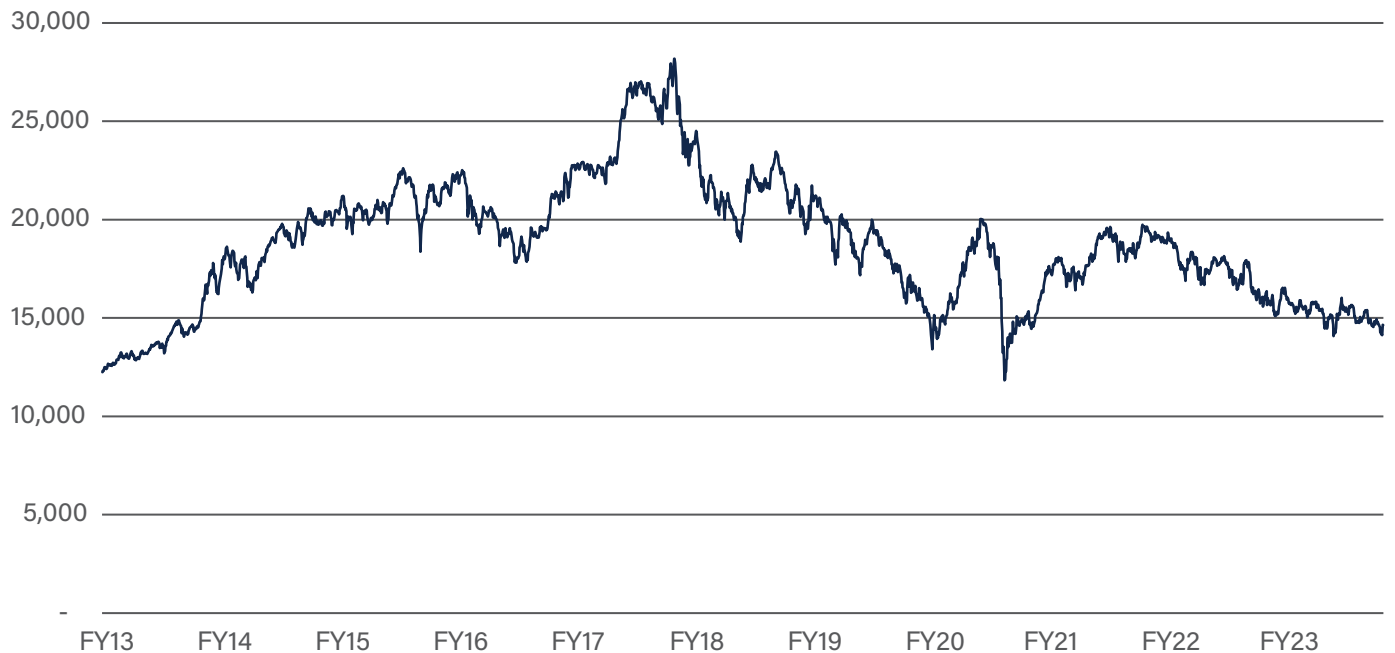
- (i) The figures are from July to June.
- (ii) The total number of listed companies have been stated after 15 companies delisted in 2019 and 14 companies delisted in 2020, 2 companies delisted in 2021, 3 companies delisted in 2022 and 5 companies delisted in 2023 and 1 company merged in 2019, 1 company merged in 2021, 4 companies merged in 2022 and 5 companies merged in 2023.
- (iii) The total listed capital has been stated after adjustment of capital of companies by way of merger, bifurcation and de-listing, etc.
- (iv) The KSE 100 Index was started in November 1991 with a base of 1000 points and it is recomposed semi-annually and was last re-composed on February 28, 2023 closing statistics.
- (v) The KSE All Share Index based on the prices of August 29, 1995 = 1000, commenced w.e.f. September 18, 1995.
- (vi) The KSE - 30 Index based on the prices of June 30, 2005 = 10000, introduced w.e.f. September 01, 2006.
- (vii) The KMI - 30 Index introduced w.e.f. September 01, 2008.

# Indices Performance

## KSE 100 Index 2013 to 2023



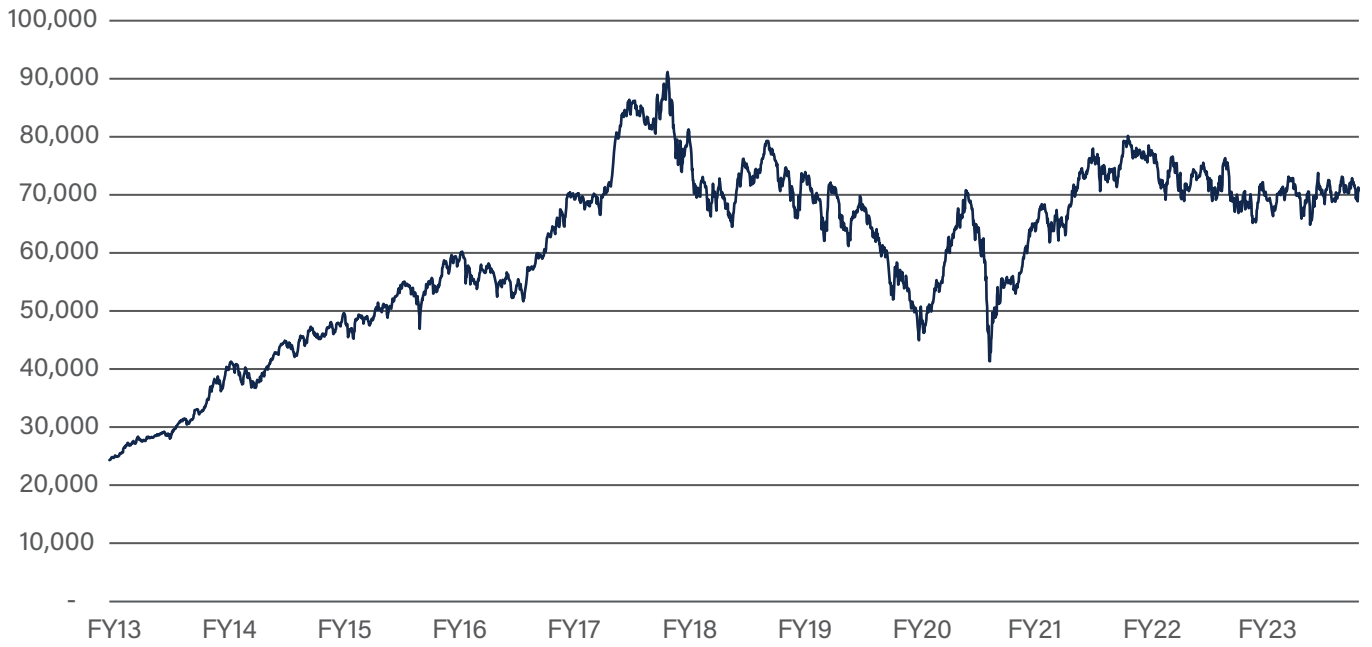
## KSE 30 Index 2013 to 2023\*



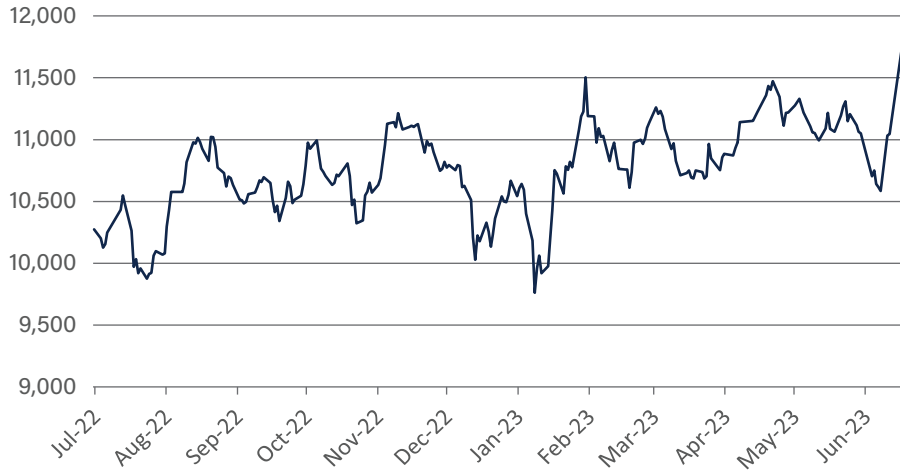
\*KSE 30 is a price return index



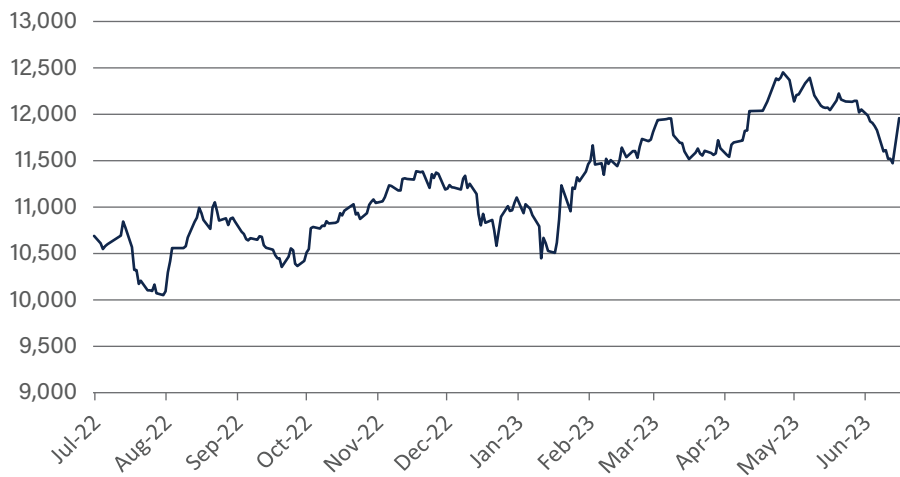
### KMI 30 Index 2013 to 2023



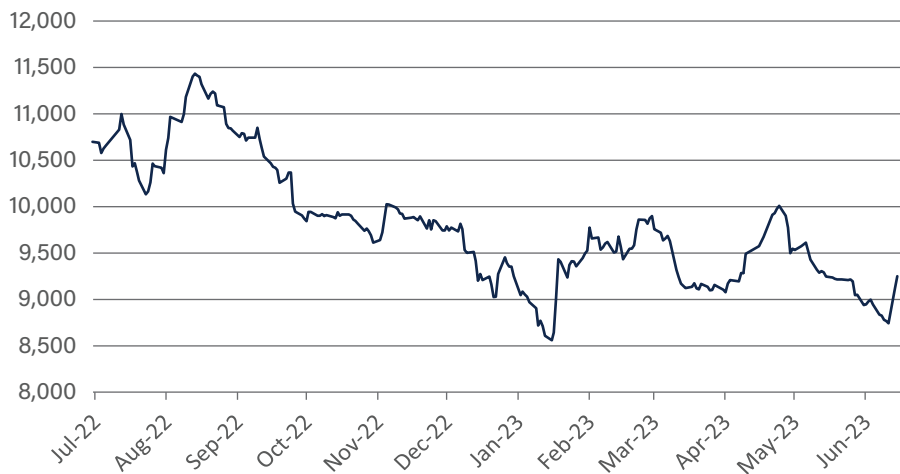
### NBPPGI - NBP Pakistan Growth Index



### UPP9 - UBL Pakistan Enterprise Index

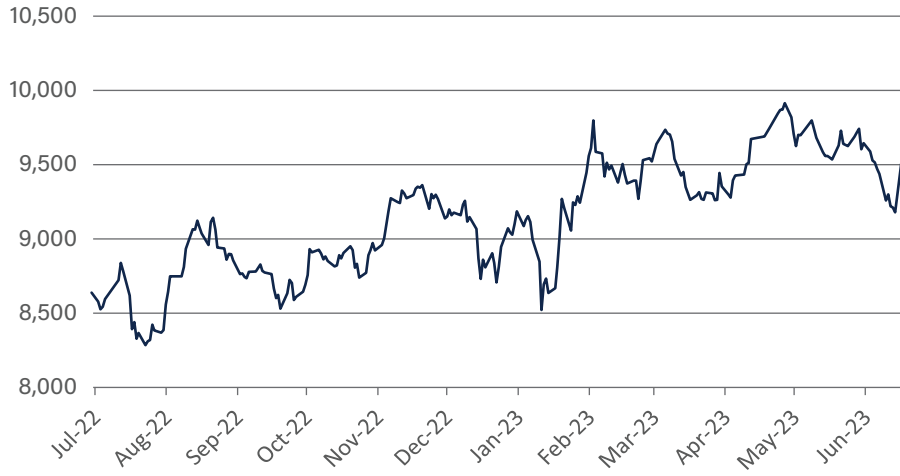


### BKTI - Banking Tradeable Index\*

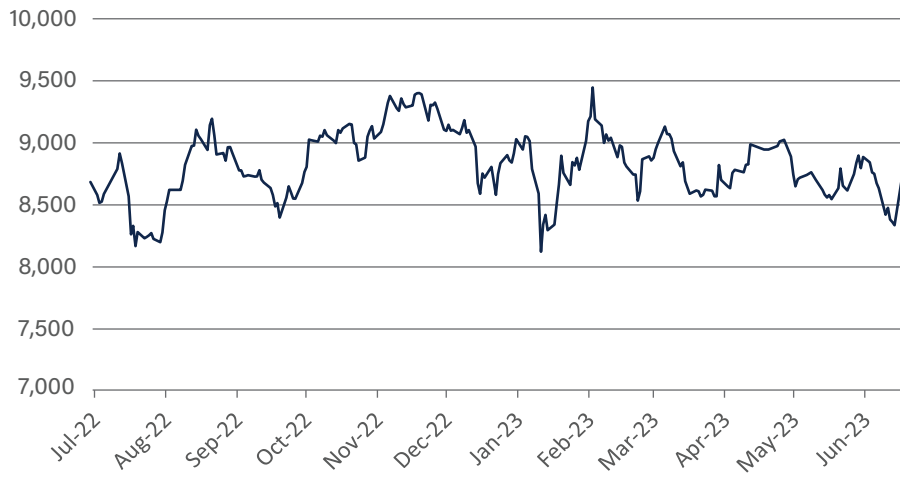


\*BKTI is a price return index

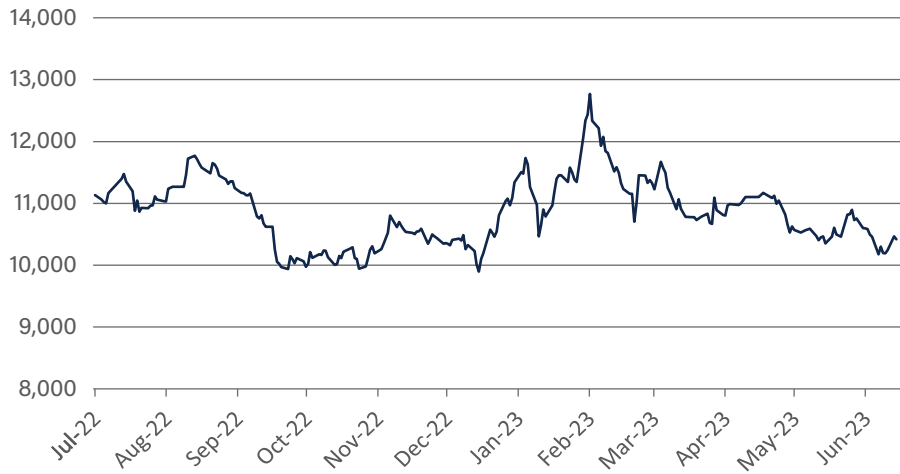
### NITPGI - NIT Pakistan Gateway Index



### MZNPI - Meezan Pakistan Index



### OGTI - Oil & Gas Tradeable Index\*



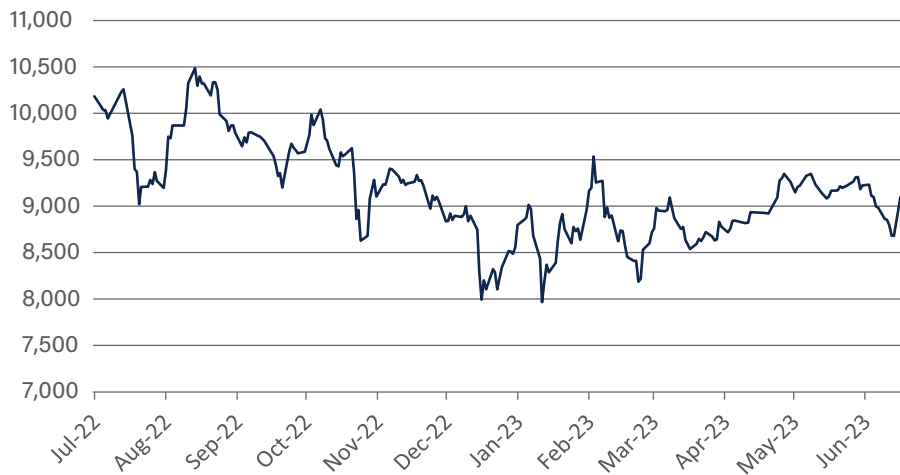
\*OGTI is a price return index



**PSXDIV20 - PSX Dividend 20 Index**



**JSMFI - JS Momentum Factor Index**



**ACI - Alfalah Consumer Index**





# Statistics

Since July 2022 To June 2023

## Listing of New Companies - Equity

Rs. in million

Sr.No.	Name of Company	Date of Listing	Paid up Capital	Total Amount Offered Including Premium		Subscription Received Including Premium	
				Book Building	General Public	Book Building	General Public
1	Ghani Chemical Industries Limited *	14-Nov-2022	4,347	-	-	-	-
	Ghani Chemical Industries Limited ** (Class - B Ordinary Shares)	25-Nov-2022	220	-	-	-	-
2	Globe Residency REIT	28-Dec-2022	1,400	-	140	-	388
3	LSE Proptech Limited ***	12-Jun-2023	901	-	-	-	-
4	LSE Ventures Limited ***	27-Jun-2023	1,796	-	-	-	-
	<b>TOTAL</b>		<b>8,664</b>	<b>-</b>	<b>140</b>	<b>-</b>	<b>388</b>

\* The Company is listed without Public Offering due to merger of G3 Technologies Limited (GTECH) with swap ratio of 0.30 share : 1

\*\* The Class "B" Ordinary Shares of the Company are listed without Public Offering by way of Right Issue offered to the existing shareholders of a Company..

\*\*\* LSEPL & LSEVL are being listed without public offering pursuant to the Scheme of Arrangement for merger/amalgamation of Data Textiles Limited (DATM) with an into LSE Proptech Limited and LSE Ventures Limited. As per the swap ratio, the shareholders of DATM have been allotted 25 shares of LSEVL and LSEPL against every 1,000 shares of DATM.

## Listing of New Debt Instruments

### PRIVATELY PLACED

Rs. in million

Sr. No.	Name of Securities	Type of Issue	Date of Listing	Amount Listed
1	TPL Corp Limited	Sukuk	22-Sep-2022	2,190
2	TPL Corp Limited	TFC	26-Sep-2022	2,265
3	Bank AL Habib Limited	TFC	27-Sep-2022	7,000
4	U Microfinance Bank Limited	TFC	24-Nov-2022	3,500
5	The Bank of Punjab	TFC	22-Dec-2022	8,018
6	Habib Bank Limited - AT 1	TFC	31-Jan-2023	6,500
7	Bank Alfalah Limited - AT 1	TFC	26-Apr-2023	7,000
8	K-Electric Limited	Sukuk	11-May-2023	6,700
9	Soneri Bank Limited - Tier 2	TFC	06-Jun-2023	4,000
10	Bank AL Habib Limited - Tier 2	TFC	08-Jun-2023	7,000
	<b>TOTAL</b>			<b>54,173</b>



## Listing of Open-end Mutual Fund

Rs. in million

Sr. No.	Name of Fund	Date of Listing	Total Fund Size
1	Faysal Halal Amdani Fund	01-Jul-2022	18,331
2	Alhamra Wada Fund	11-Aug-2022	658
3	MCB Pakistan Fixed Return Fund	11-Aug-2022	225
4	MCB Pakistan Opportunity Fund	14-Sep-2022	110
5	JS Government Securities Fund	11-Oct-2022	100
6	Lakson Islamic Money Market Fund	16-Nov-2022	209
7	NBP Mustahkam Fund	27-Dec-2022	1,847
8	AWT Financial Sector Income Fund	03-Feb-2023	128
9	NBP Income Fund of Fund	28-Feb-2023	1,116
10	AKD Islamic Daily Dividend Fund	09-Mar-2023	205
11	NBP Islamic Mustahkam Fund	25-May-2023	744
12	JS Money Market Fund	30-May-2023	309

## Listing of Exchange Traded Funds (ETFs)

Sr. #	Name of Fund	Date of Listing
1	HBL Total Treasury Exchange Traded Fund	12-Sep-2022

## Companies Applied for Listing

Sr. #	Name of Security
1	Treet Battery Limited (Equity Issue)

## Prospectus / Offer for Sale Approved by the Exchange

Sr. #	Name of Security
1	Pakistan Reinsurance Company Limited
2	International Packaging Films Limited
3	Regal Automobile Industries Limited
4	Secure Logistics Group Limited
5	Searle Pakistan Limited
6	Symmetry Group Limited
7	Dalda Foods Limited

## Delisting of Companies

Rs. in million

Sr. No.	Name of Company	Date of De-Listing	Paid up Capital
1	Japan Power Generation Limited	29-Dec-2022	1,560
2	Extraction (Pakistan) Limited	29-Dec-2022	10
3	Quality Steel Works Limited	29-Dec-2022	18
4	Dominion Stock Fund Limited	29-Dec-2022	50
5	Ados Pakistan Limited	09-Jan-2023	66



## Merger of Companies

Rs. in million

Sr. No.	Name of Company	Merged with	Date of Merger	Paid up Capital
1	G3 Technologies Limited	Ghani Chemical Industries Limited	14-Nov-2022	2,499
2	Habib Metro Modaraba	First Habib Modaraba	19-Apr-2023	300
3	First Pak Modaraba	First Prudential Modaraba	26-Jun-2023	125
4	KASB Modaraba	First Prudential Modaraba	26-Jun-2023	481
5	Data Textiles Limited	LSE Proptech Limited and LSE Ventures Limited	27-Jun-2023	99

## Delisting of Debt Securities

Sr. No.	Name of Security	Date of De-Listing
1	K-Electric Limited – 4th Sukuk Certificate	06-Sep-2022
2	Cnergyico Pk Limited – Privately Placed Sukuk	14-Apr-2023

## Delisting of Open-End Mutual Funds

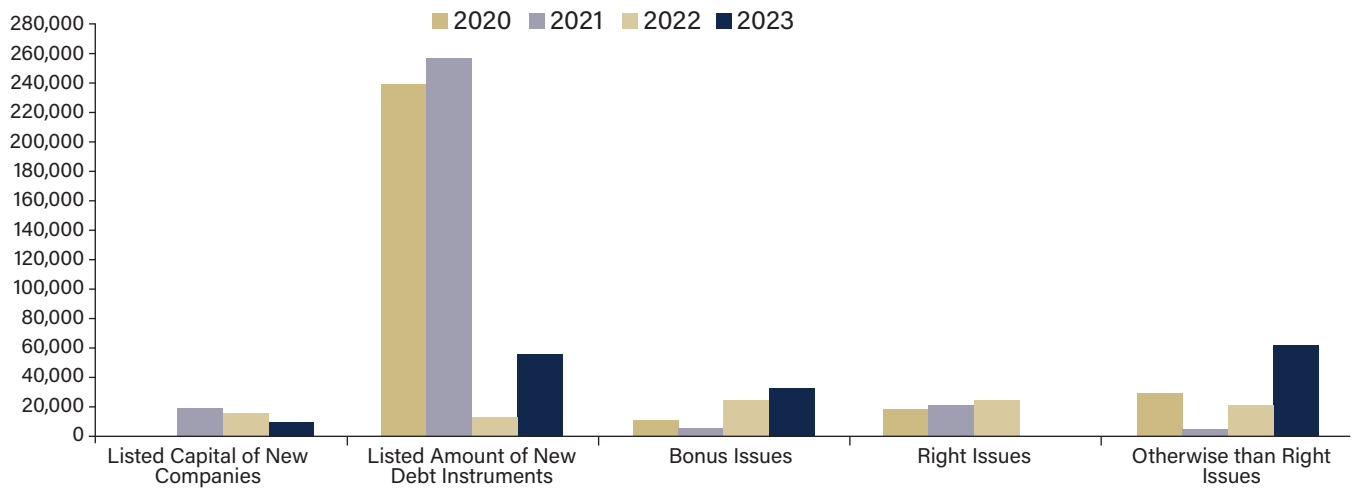
Sr. No.	Name of Fund	Date of De-Listing
1	NBP Islamic Regular Income Fund	16-Mar-2023

## Change of Name of Companies

Sr. No.	Old Name	New Name	Effective Date
1	BIPL Securities Limited	AKD Securities Limited	02-Aug-2022
2	Samin Textiles Limited	Waves Home Appliance Limited	03-Aug-2022
3	Husein Sugar Mills Limited (Preference Shares)	Tariq Corporation Limited (Preference Shares)	05-Aug-2022
4	Husein Sugar Mills Limited	Tariq Corporation Limited	05-Aug-2022
5	Hashimi Can Company Limited	MetaTech Health Limited	10-Aug-2022
6	Waves Singer Pakistan Limited	Waves Corporation Limited	22-Aug-2022
7	ICI Pakistan Limited	Lucky Core Industries Limited	13-Jan-2023
8	GlaxoSmithKline Consumer Healthcare Pakistan Limited	Haleon Pakistan Limited	31-Jan-2023
9	Ghandhara Nissan Limited	Ghandhara Automobile Limited	18-May-2023
10	MetaTech Health Limited	MetaTech Trading Limited	07-Jun-2023



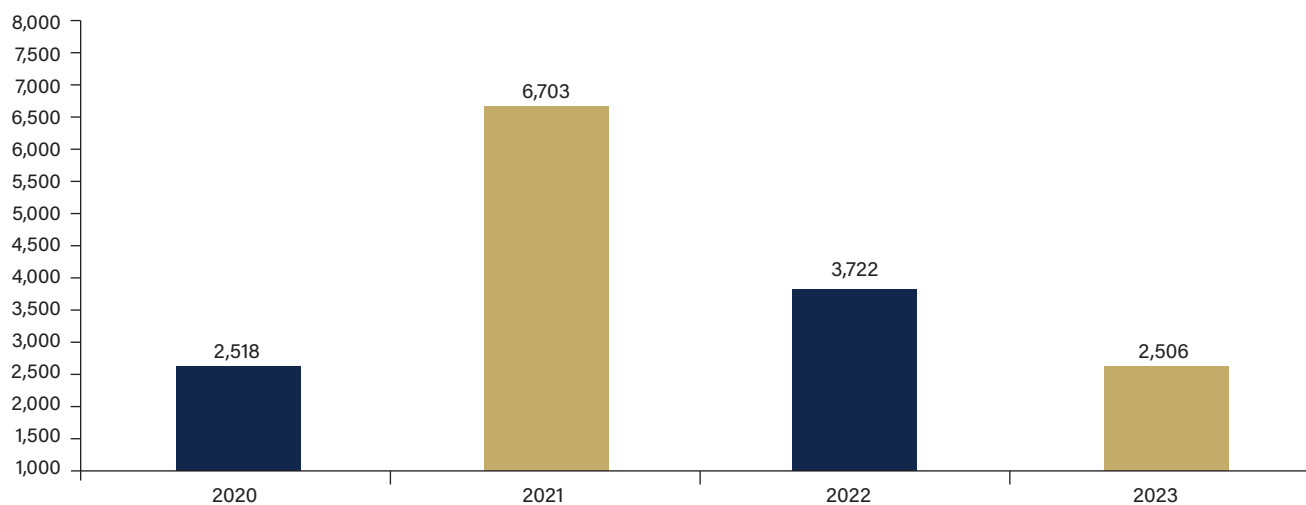
## Break-up of Listed Capital



## Average Monthly Turnover of Shares (Ready)

In million

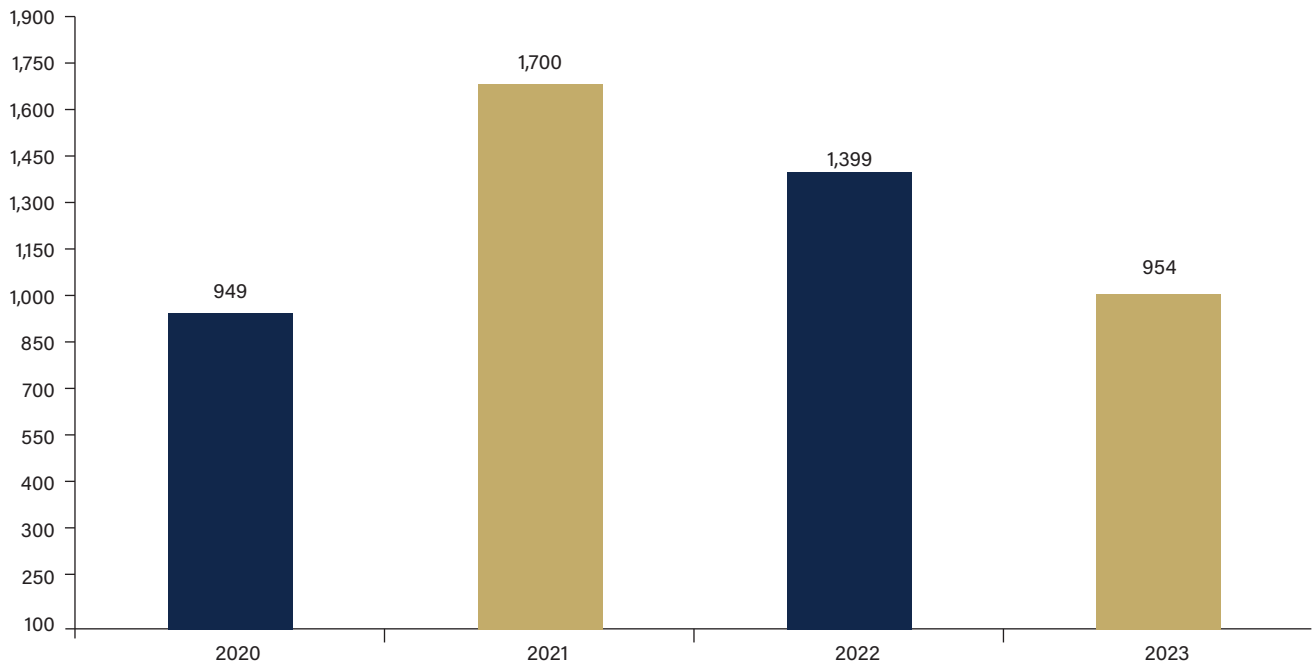
	2020	2021	2022	2023
July	92.114	405.599	497.379	151.866
August	123.276	529.083	372.137	338.810
September	122.059	620.488	435.700	188.634
October	198.334	411.234	288.461	285.805
November	316.489	311.126	326.320	224.024
December	333.771	523.495	254.120	208.761
January	266.795	640.820	277.336	194.357
February	170.244	630.161	233.048	190.306
March	230.663	481.310	221.488	189.067
April	219.626	368.259	312.570	145.681
May	219.968	831.043	264.487	183.314
June	224.621	950.552	239.400	205.412
<b>Total</b>	<b>2,517.959</b>	<b>6,703.171</b>	<b>3,722.448</b>	<b>2,506.036</b>



## Average Monthly Turnover of Shares (Futures Counter)

In million

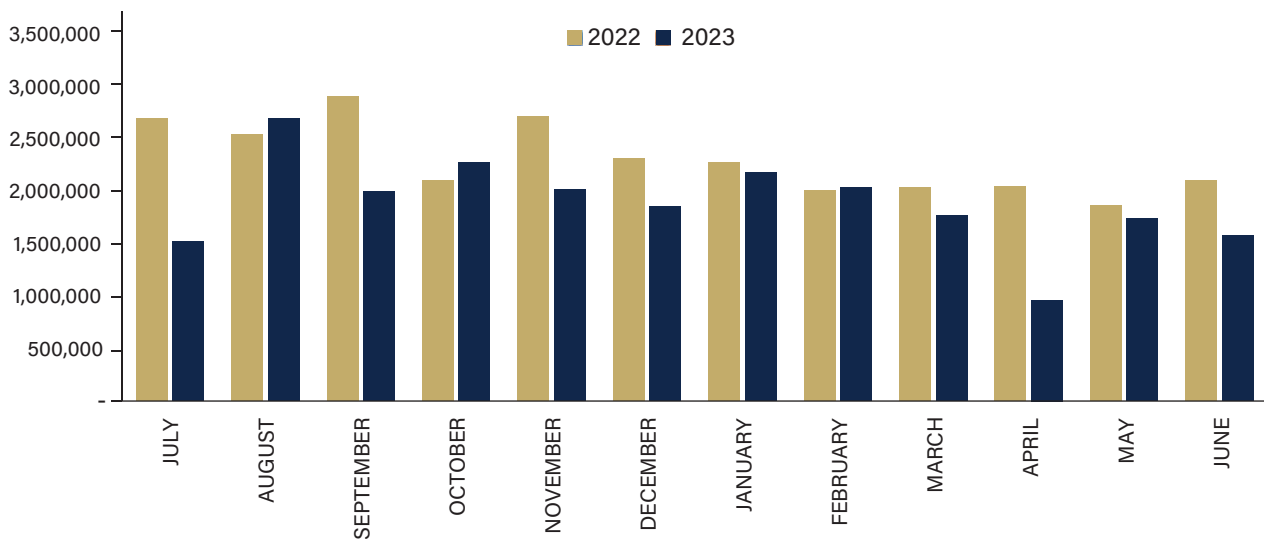
	2020	2021	2022	2023
July	54.840	106.995	129.406	78.035
August	72.455	123.913	147.176	112.743
September	74.363	144.911	166.610	80.024
October	90.766	142.649	120.564	103.179
November	109.339	113.066	118.387	83.208
December	115.713	152.998	106.438	60.146
January	91.889	148.512	104.313	75.639
February	88.560	156.456	101.648	76.945
March	84.345	159.089	91.096	68.706
April	55.366	117.275	118.226	62.514
May	59.732	156.195	107.500	70.299
June	51.516	177.726	87.198	82.405
<b>Total</b>	<b>948.884</b>	<b>1,699.786</b>	<b>1,398.561</b>	<b>953.844</b>



## Ready Market Trades

Month	2022		2023	
	No. of Trades	Daily Average	No. of Trades	Daily Average
July	2,694,161	141,798	1,515,247	84,180
August	2,537,849	126,892	2,688,336	128,016
September	2,899,726	131,806	1,989,806	90,446
October	2,104,706	105,235	2,266,263	107,917
November	2,711,237	123,238	2,006,811	95,562
December	2,322,869	100,994	1,849,414	84,064
January	2,272,089	108,195	2,173,616	98,801
February	2,005,256	100,263	2,029,548	101,477
March	2,024,915	92,042	1,763,290	80,150
April	2,041,819	102,091	966,423	60,401
May	1,862,047	103,447	1,740,434	79,111
June	2,104,980	95,681	1,581,921	83,259
<b>TOTAL</b>	<b>27,581,654</b>		<b>22,571,109</b>	
<b>Average Daily</b>		<b>110,973</b>		<b>91,115</b>

## Ready Market Trades



## Sector-wise Capital Listed on the Exchange

Rs. in million

Sector Name	June 30, 2023	
	No. of Companies	Paid up Capital
Close-End Mutual Fund	5	5,886.250
Modarabas	27	21,465.020
Leasing Companies	7	2,430.800
Inv. Banks / Inv. Cos / Securities Cos	33	60,723.240
Commercial Banks	20	441,087.360
Insurance	29	41,594.090
Real Estate Investment Trust	2	23,637.000
Textile Spinning	62	22,328.100
Textile Weaving	9	2,777.100
Textile Composite	51	53,123.280
Woollen	1	95.060
Synthetic & Rayon	10	11,867.050
Jute	2	280.960
Sugar & Allied Industries	28	11,475.250
Cement	19	94,700.360
Property	3	12,295.440
Tobacco	3	3,239.970
Refinery	4	63,100.310
Power Generation & Distribution	15	146,237.170
Oil & Gas Marketing Companies	9	35,088.620
Oil & Gas Exploration Companies	4	74,391.680
Engineering	16	35,639.620
Automobile Assembler	11	9,721.620
Automobile Parts & Accessories	10	6,830.180
Cable & Electrical Goods	7	15,484.650
Transport	5	73,339.260
Technology & Communication	16	113,385.510
Fertilizer	6	69,833.290
Pharmaceuticals	12	16,673.530
Chemical	26	53,179.350
Paper & Board	9	9,564.020
Vanaspati & Allied Industries	3	143.790
Leather & Tanneries	6	2,710.350
Food & Personal Care Products	24	60,695.530
Glass & Ceramics	9	20,028.070
Miscellaneous	21	11,802.500
GEM Board	3	1,708.720
Exchange Traded Funds (ETFs)	7	312.137
<b>TOTAL</b>	<b>534</b>	<b>1,628,876.240</b>





## Sector-wise Performance of Companies Listed on the Exchange - 2022

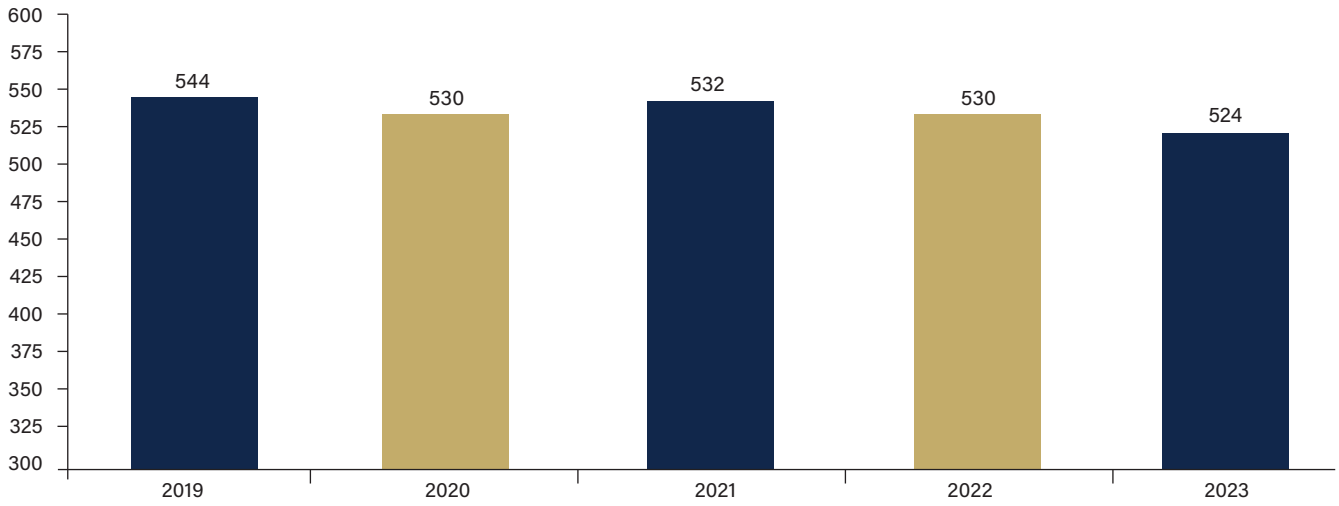
Name of Sector	2022					
	Number of Companies	Companies that Announced Annual Results	Dividend Paying Companies	Profit Making Companies that Omitted Dividend	Profit Making Companies	Loss Making Companies
Close-End Mutual Fund	6	1	-	-	-	1
Modarabas	30	27	12	8	20	7
Leasing Companies	7	4	1	-	1	3
Inv. Banks / Inv. Cos / Securities Cos	32	28	6	10	16	12
Commercial Banks	20	19	14	3	17	2
Insurance	29	27	15	4	19	8
Real Estate Investment Trust	2	1	1	-	1	-
Textile Spinning	63	58	16	24	40	18
Textile Weaving	9	6	4	2	6	-
Textile Composite	51	42	22	15	37	5
Woollen	1	1	-	-	-	1
Synthetic & Rayon	10	9	2	4	6	3
Jute	2	2	-	1	1	1
Sugar & Allied Industries	28	27	12	6	18	9
Cement	19	18	6	8	14	4
Property	3	3	2	-	2	1
Tobacco	3	3	3	-	3	-
Refinery	4	4	2	2	4	-
Power Generation & Distribution	16	15	10	2	12	3
Oil & Gas Marketing Companies	9	7	5	-	5	2
Oil & Gas Exploration Companies	4	4	4	-	4	-
Engineering	18	15	4	8	12	3
Automobile Assembler	11	11	4	5	9	2
Automobile Parts & Accessories	10	10	6	2	8	2
Cable & Electrical Goods	7	7	3	4	7	-
Transport	5	5	2	-	2	3
Technology & Communication	15	15	7	4	11	4
Fertilizer	6	6	5	1	6	-
Pharmaceuticals	12	12	8	4	12	-
Chemical	26	26	15	6	21	5
Paper & Board	9	8	5	1	6	2
Vanaspati & Allied Industries	4	2	2	-	2	-
Leather & Tanneries	6	6	3	-	3	3
Food & Personal Care Products	24	23	10	7	17	6
Glass & Ceramics	9	8	4	2	6	2
Miscellaneous	21	19	8	6	14	5
<b>TOTAL</b>	<b>531</b>	<b>479</b>	<b>223</b>	<b>139</b>	<b>362</b>	<b>117</b>
<b>PERCENTAGE</b>		<b>90.21%</b>	<b>42.00%</b>	<b>26.18%</b>	<b>68.17%</b>	<b>22.03%</b>
<b>2021 TOTAL</b>	<b>531</b>	<b>483</b>	<b>245</b>	<b>123</b>	<b>368</b>	<b>115</b>
<b>PERCENTAGE</b>		<b>90.96%</b>	<b>46.14%</b>	<b>23.16%</b>	<b>69.30%</b>	<b>21.66%</b>

### Notes:

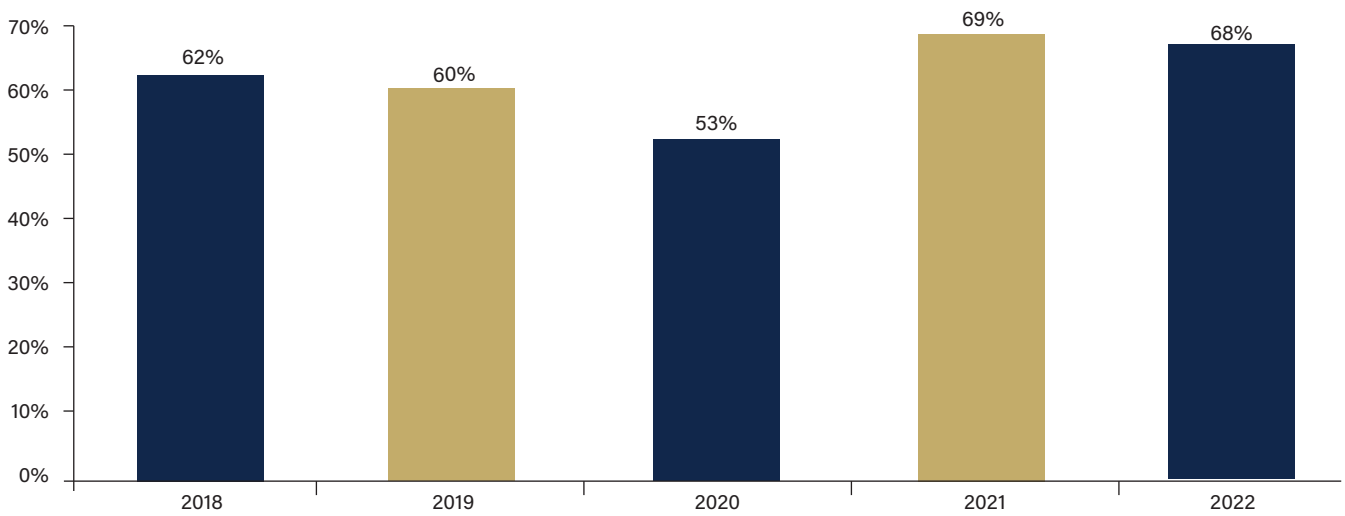
- 1 Based on the financial results of the companies up to December 31, 2022.
- 2 Companies omitted dividends are those companies, which have shown profit during the year but not declared dividend.
- 3 Dividend includes Cash / Stock Dividend.



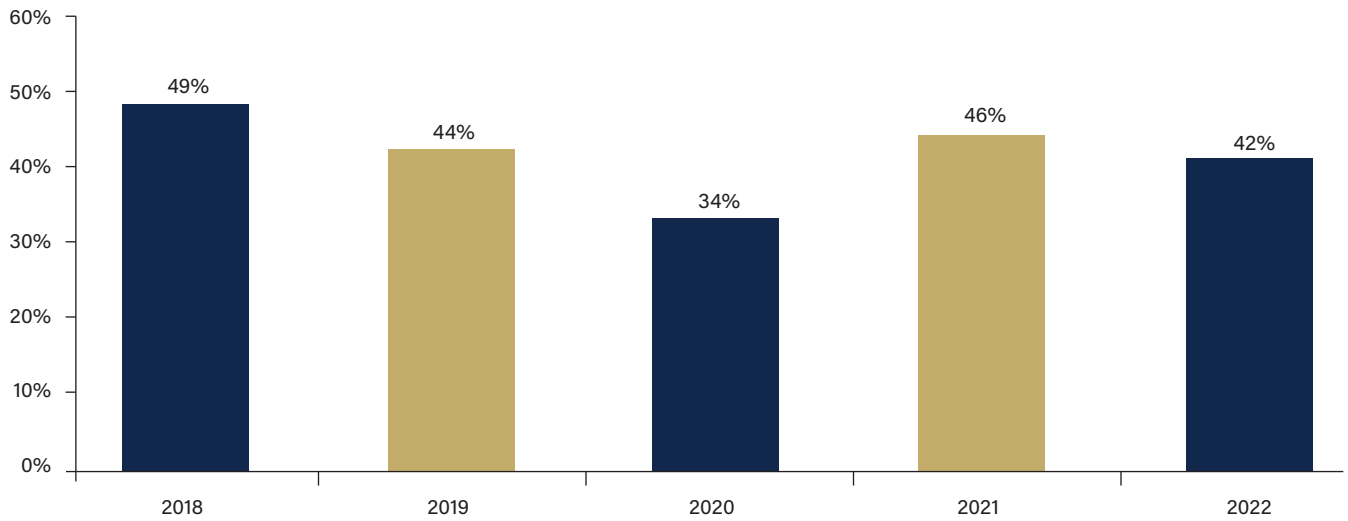
## Number of Listed Companies



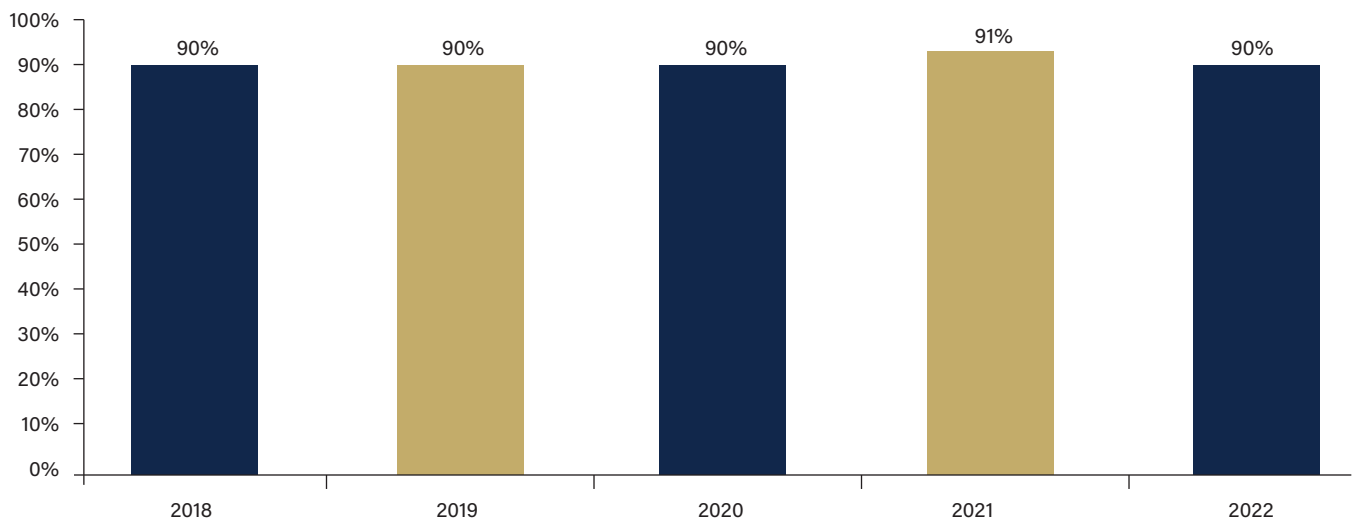
## Percentage of Companies Making Profit



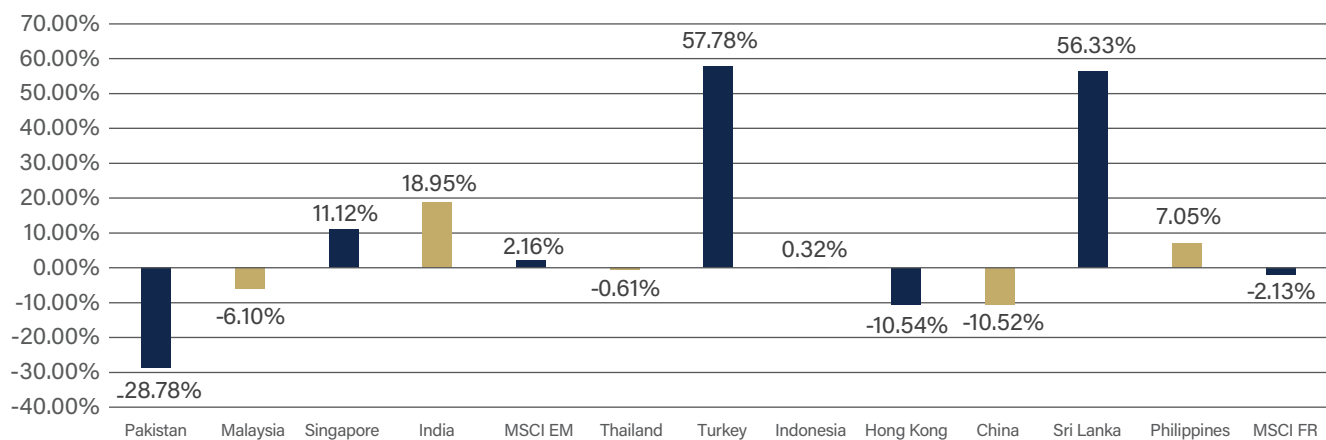
## Percentage of Companies Paying Dividends



## Percentage of Companies that Announced Annual Results



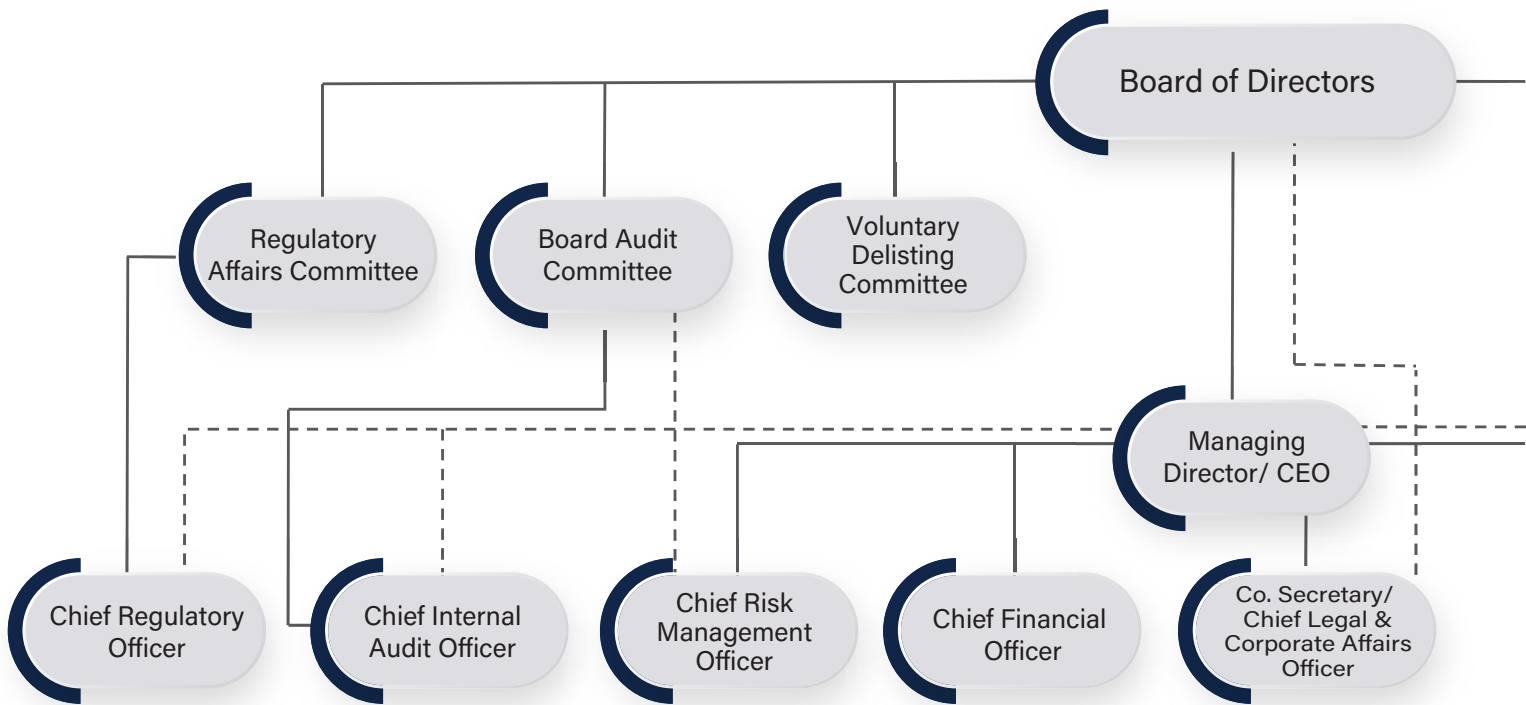
## Performance of Global Stock Indices in USD during July 2022 - June 2023

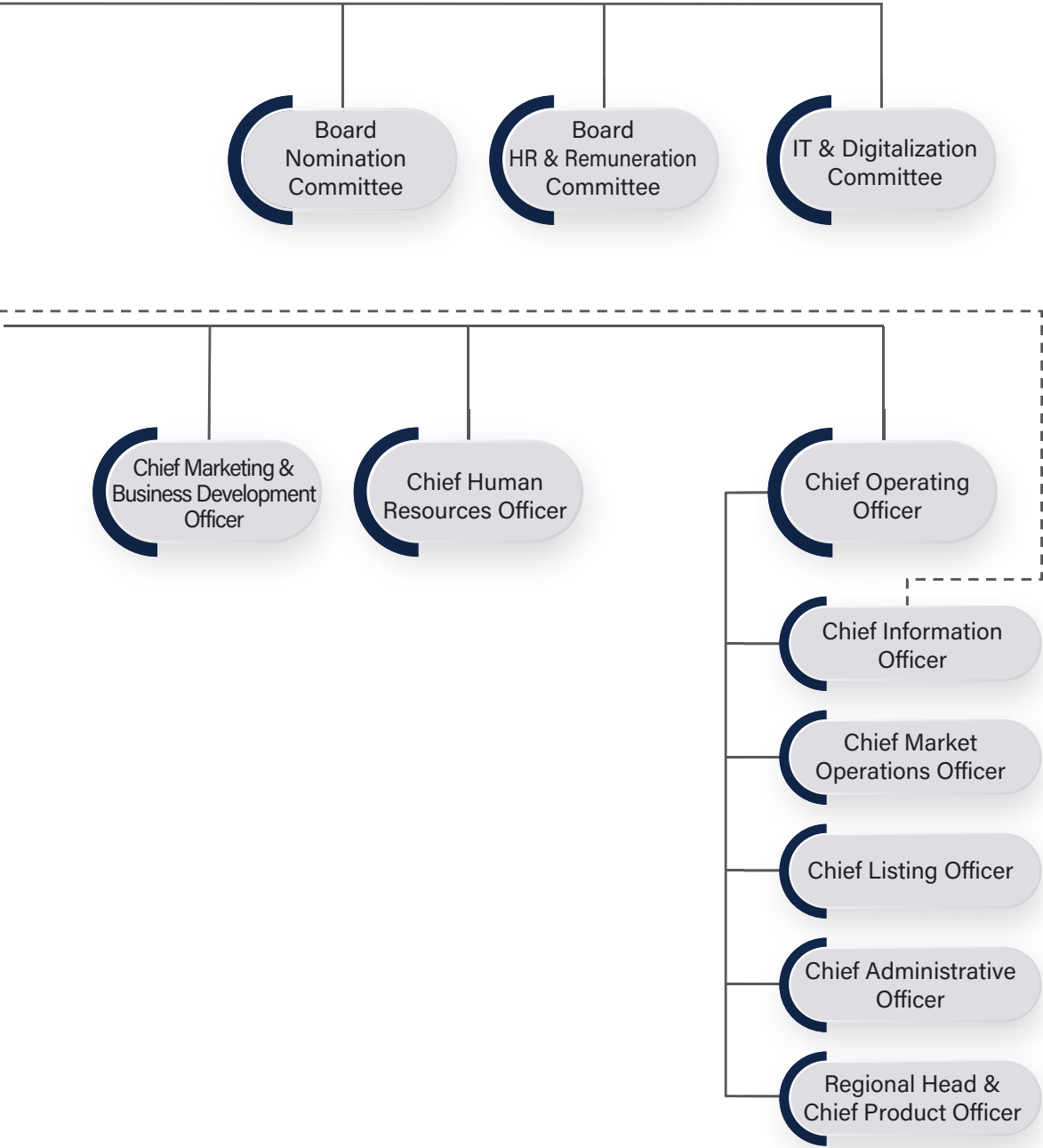


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# Organizational Structure







IT'S TIME TO  
*Perform*





# Board of Directors

From Left to Right

▼ **MR. JIANG KETAO**

Non-Executive Director

▼ **DR. FU HAO**

Non-Executive Director

▼ **MR. FARRUKH H. KHAN**

Chief Executive Officer

▼ **DR. SHAMSHAD AKHTAR**

Chairperson & Independent Director



▼ **MR. AHMED CHINOY H.I., S.I.**  
Non-Executive Director



From Left to Right

▼ **MR. YOU HANG**  
Non-Executive Director

▼ **MS. YU HUALI**  
Non-Executive Director

▼ **MR. M. SALAHUDDIN MANZOOR**  
Independent Director



▼ **MR. JAVED KUREISHI**

Independent Director

▼ **MR. NADEEM NAQVI**

Non-Executive Director

▼ **MR. ZUBAIR RAZZAK PALWALA**

Non-Executive Director



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# *Board of Directors' Profiles*





## Dr. Shamshad Akhtar

Chairperson & Independent Director

Dr. Shamshad Akhtar served as Federal Finance Minister of Pakistan holding multiple economic portfolios in the caretaker government and as the Governor, State Bank of Pakistan.

As the Under-Secretary General of the Economic and Social Commission of the Asia and Pacific (UNESCAP) and the United Nations Secretary General's Senior Special Advisor on Economics and Finance, Dr. Akhtar oversaw the implementation of the sustainable development agenda including economic, social, environmental and finance work of the UN Department of the Economic and Social Affairs. During her term at UN, she was UN Secretary General's Sherpa for Development and the Finance and Central Bank tracks. Among others, she was closely involved in the development and implementation of the 2030 Sustainable Development Agenda (SDG), the Addis Ababa Financing frameworks and work on the Paris Climate Accord and ensured closer alignment of G20 development agenda with the 2030 SDG agenda.

Dr. Akhtar served as the Vice President, Middle East and North Africa at the World Bank, the Director General of Asian Development Bank (ADB) and served as the Special Sr. Advisor to the President of ADB.

Dr. Akhtar is recipient of Asia's Best Central Bank Governor from Emerging Markets and the Banker's Trust awards. In 2008, The WALL STREET JOURNAL ASIA recognized her as one of Asia's top ten professional women. In 2020, she has been awarded the HUM Women's Leadership Global Award.

Dr. Akhtar is now serving as the Chairperson of few Boards in Pakistan: Chairperson of Pakistan Stock Exchange Limited, Chairperson on the Board of Sui Sothern Gas Transmission and Distribution Company, Chairperson of the Karandaaz - an innovative nonprofit company—grant funded by DFID/Bill Melinda to promote financial and digital inclusion, Chairperson, Pakistan Institute of Corporate Governance and as Independent Director, Engro Fertilizers Limited and Advisor on Pakistan Environment Trust Fund.

Dr. Akhtar is Member of the Advisory Council of the Sustainable Finance Centre at the SOAS at London University, Member of UN Global Women Leaders Group, served on G20 Task Force member of the Think Tank on Infrastructure during the Presidency of Japan, Saudi and Italian Government. She served as an Advisor of SG Food Security and Financing for Development Group, one of the 12 Global Advisors to the Ministry of Foreign Affairs on China on Belt and Road, Council of Advisor and Policy Sherpa for the Boao Forum for Asia and Advisor to the Shanghai Forum. She has conducted analytical work as Chair of the Pakistan Reform Insurance Committee, Capital Markets reforms and the Special Economic Zones etc. She serve as speaker on diverse set of international and national panel.





# Mr. Farrukh H. Khan

Chief Executive Officer

Mr. Farrukh Khan is the Chief Executive Officer (CEO) of Pakistan Stock Exchange Limited (PSX). He qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales, United Kingdom (UK), and also holds a BA (Hons.) in Economics and Finance from the University of Manchester.

With over 30 years of senior management and board-level experience, Mr. Khan is an experienced entrepreneur, and leading business and financial advisor who has advised on many landmark transactions. Previously he has held senior positions with Acumen in Pakistan & the UK, including Country Director & CEO, Pakistan, Senior Director Business Development, Chief Business Development Officer and member of the Management Committee. Mr. Khan was the founding partner and CEO of BMA Capital Management Limited. Under his stewardship, BMA established itself as the leading investment banking group in Pakistan and received several international awards, including the 2010 Euromoney award for the best investment bank in Pakistan. His experience includes lead managing the US\$813 million GDR offering and London listing of OGDCL, Pakistan's largest listed company, and successfully advising Etisalat on their \$2.6 billion acquisition of Pak telecom, the largest mergers and acquisition transaction and the largest foreign direct investment in Pakistan's history. Other historical transactions include the US\$ 1.5 billion privatisation of Kot Addu Power Company and the US\$898 million GDR offering for Pak Telecom. He has advised, either on the buy or sell side, on almost 50% of all successful privatisations in Pakistan, totaling over \$4 billion in value. He has also worked with American Express Bank in Pakistan and Deloitte in London.

Mr. Khan has an excellent network and deep knowledge of global business and investments. He has previously served as President of Overseas Investors Chamber of Commerce & Industry (OICCI), Chairman of the Young Presidents' Organization, Pakistan Chapter and on the boards of prominent public and private sector organisations. He was also associated with the Securities and Exchange Commission of Pakistan as a member of its Policy Board from 2018 to 2019. Mr. Khan was selected by Euromoney as one of the top 50 global financial leaders, below the age of 40 years. His philanthropic interests include children's health and education.

#### Other Directorships/Offices:

- Nominee Director of PSX, Central Depository Company of Pakistan Limited
- Nominee Director of PSX, National Clearing Company of Pakistan Limited
- Nominee Director of PSX, Pakistan Mercantile Exchange Limited
- Nominee Director of PSX, EClear Services Limited
- Member of Board of Governors, The Institute of Business Management (Ex-Officio Position held in terms of The Institute of Business Management Act, 1998)
- Non-Executive Director, Acumen Pakistan
- Trustee, Acumen Academy, UK
- Trustee/Director, Pakistan Environment Trust, UK





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

Non-Executive Director

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

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

Mr. Chinoy is a prominent business and social figure in Pakistan. He has served the society in different capacities in the areas of business, education, health, crime prevention and other social services and has rendered invaluable services to the nation in these fields. He has successfully served as Chief of Citizen Police Liaison Committee, Sindh (a citizens' body for prevention of crimes) from the year 2010 to 2015. He has also been actively serving on the Boards of various hospitals and educational institutions and has been heading the Memon Community as the President of All Pakistan Memon Federation. He has also served several times on the Managing Committee of Federation of Pakistan Chamber of Commerce & Industry and has also remained as Chairman of Pakistan Cloth Merchants' Association (the apex body of textile exporters). For his services to the people of Pakistan, he has been awarded prestigious national awards of Hilal-e-Imtiaz (H.I.) and Sitara-e-Imtiaz (S.I.).

Mr. Chinoy is nominated by PSX to serve as Director on the Boards of Central Depository Company of Pakistan Limited, National Clearing Company of Pakistan Limited and Pakistan Mercantile Exchange Limited.

### Other Directorships/Offices:

- Managing Partner, Arch Sons
- Managing Partner, Arch Industries
- Director, AKD REIT Management Company Limited
- Director, Creek Developers (Private) Limited
- Director, Kissan Support Services (Private) Limited
- Director, Sir Adamjee Institute
- Managing Partner, Lotus Properties
- Partner, Golden Livestocks
- Partner, Al-Karam Builders & Developers
- Partner, Al-Karam Lagoon
- Nominee Director of PSX, Central Depository Company of Pakistan Limited
- Nominee Director of PSX, National Clearing Company of Pakistan Limited
- Nominee Director of PSX, Pakistan Mercantile Exchange Limited



# Mr. You Hang

Non-Executive Director

Mr. You Hang is serving as Non-Executive Director on the Board of Pakistan Stock Exchange Limited (PSX), being a nominee of China Financial Futures Exchange (CFFEX).

Mr. You, being one of the inaugurators of CFFEX, is currently serving as the Chief Representative of CFFEX in Pakistan. He also held the position of Deputy Managing Director of PSX from August 2017 to August 2018. He is a seasoned expert who has strategically fulfilled the responsibility of domestic and international financials, marketing and operational functions. He is specialized in Exchange operations, designing/management of financial derivatives as well as data marketing. He has solid experience in equity, fixed income, and FX derivatives and possess strong quantitative and analytical skills. He also has a diplomat experience with superior communication, organizational and interpersonal skills with fluency in English as well as in his mother tongue Mandarin.

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

Mr. You is currently associated with CFFEX for last 14 years and has served it in the capacity of Chief Representative in Pakistan, Managing Director, International Business Development Department/Executive officer/Equity Index Derivatives Department / FX Derivatives Department and Executive Director - Market Data Department.





## Dr. FU Hao

Non-Executive Director

Dr. FU Hao is serving as Non-Executive Director on the Board of Pakistan Stock Exchange Limited, being a nominee of Shanghai Stock Exchange (SSE).

Dr. FU is Vice Chair of Global Business Committee of SSE and Chairman of the Board of China Investment Information Services. He is responsible for overseeing SSE's international cooperation, global market promotion and overseas projects. Prior to joining SSE, Dr. FU worked in Jun An Securities Co. and Orient Securities Co. He graduated from Fudan University in 1998, where he earned a Ph.D. Degree in Finance.

Dr. FU published a lot of papers and articles in major Chinese finance journals. He has served as the Chairman of Working Committee of Asia Oceanic Stock Exchange Federation from 2014 to 2016. He was awarded as "Shanghai Financial Innovative Figure" in 2014, "Shanghai Financial Leading Talent" in 2017. Under his leadership as the Managing Director of Global Business Development Department of SSE, his team was honored as "Shanghai May 1st Labor Medal Collective Award" in 2017 and "National Worker Pioneer" in 2019.

### **Other Directorships:**

- Director, Astana International Exchange
- Member of Supervisory Board, China Europe International Exchange



# Ms. Yu Huali

Non-Executive Director

Ms. Yu Huali is serving as Non-Executive Director on the Board of Pakistan Stock Exchange Limited, being a nominee of Shenzhen Stock Exchange (SZSE). Ms. Huali graduated in Computer Sciences Engineering from Huazhong University of Science and Technology, in 1990. Later on, she completed her Masters in Business Administration from Amoy University, in 2003.

Ms. Huali has held positions of Director, IT Strategy and Planning Department and Computer Engineering, in SZSE, during her tenure from 2011 to 2015. She also served as Vice CIO of SZSE from 2012 to 2017. Since 2017, Ms. Huali has been serving as CIO of SZSE.





## Mr. Jiang Ketao

Non-Executive Director

Mr. Jiang Ketao is serving as Non-Executive Director on the Board of Pakistan Stock Exchange Limited, being a nominee of Pak China Investment Company Limited (PCICL).

Mr. Jiang is currently serving as Managing Director (A) of PCICL. He has 21 years' of affiliation with China Development Bank (CDB), where he served at various positions in Credit Management, Customer Relationship, International Finance business and Belt and Road Business management. He has also accomplished various international finance of CDB as Senior Appraisal Specialist and Senior Negotiator.

Before joining PCICL in August 2021, he was Director of Coordination Division, International Finance Department of CDB. Mr. Jiang received his degrees of Master's in Finance and Bachelor's in Economic Information Management from Jiangxi University of Finance & Economics, China.



# Mr. Javed Kureishi

Independent Director

Mr. Javed Kureishi is a career Banker with a rich and diverse experience of more than 34 years with Citibank both in Pakistan and across 5 countries in Europe, the Middle East, Africa and Asia, where he worked for 9 years. His various roles have included Senior leadership roles in Country Management, Risk, Corporate and Institutional Banking, Strategy, and managing Multinational Subsidiaries and Public Sector businesses at the country and regional levels. Mr. Kureishi is presently working for the International Finance Corporation (IFC) as a consultant responsible for business development. He has a BA (Hons) from the University of Sussex UK.

Aside from his professional career, Mr. Kureishi has also been a keen cricketer. He played first-class cricket for PIA and Karachi 1977-81 and for Sussex Under 25 1982-84. He was also captain of Pakistan Under 19 cricket team on its tour of India and Sri Lanka 1978-79. Mr. Kureishi has also been a University level field hockey player.

Mr. Kureishi is married with 2 children. His other interests include Reading and Music.

## Other Directorships:

- Independent Director, Pakistan Cricket Veterans Cricket Association
- Independent Director, Power Cement Limited
- Chairman & Independent Director, Pakistan Corporate Restructuring Company Limited
- Independent Director, Fauji Foods Limited
- Chairman & Independent Director, Sindh Infrastructure Development Company Limited
- Independent Director, Javedan Corporation Limited
- Independent Director, Tricon Boston Consulting Corporation (Private) Limited.
- Independent Director, Samba Bank Limited



# Mr. Mohammad Salahuddin Manzoor

Independent Director

Mr. Mohammad Salahuddin Manzoor is a seasoned financial market professional with over 35 years of experience mostly in major global centres of New York, London and Singapore, and also in Karachi.

After a couple of years at the World Bank in Washington DC (1980-82), Mr. Manzoor earned his MBA degree from the Wharton School, University of Pennsylvania. Starting in International Acquisitions at Chemical Bank New York (now JPM) after graduation in 1984, he moved to Fixed Income Derivatives Trading in London in 1987, subsequently moving to Singapore in 1990 to set up and manage Chemical's financial markets trading business.

After twelve years with Chemical, Mr. Manzoor joined Banque Paribas' in 1996 as Asia Regional Head for Fixed Income & Forex Derivatives business. In 1998, he moved back to London with Paribas as Global Head of Emerging Markets Trading for Forex & Local Bond Markets. After the BNP-Paribas merger in 2000, Mr. Manzoor took over as CEEMEA Region Head of Structured Products Marketing for BNP-Paribas. In 2008, he left BNP-Paribas to join Observatory Capital London, a long-short credit hedge fund, as Head of Business Development.

In 2011, Mr. Manzoor joined Habib Bank Limited (HBL) in Karachi as Global Treasurer, taking HBL's Treasury annual revenues from around PKR 2Bn to circa PKR 30Bn (in 2015, 2016 & 2017). These spectacular results were partly achieved by hiring exceptional professionals and expanding HBL Treasury's presence to Lahore and Islamabad for enhanced client reach resulting in greater market share. However, in large measure, the success was owed to guiding ALM's timely entry into the government bond market with investments in long-dated PIBs. Mr. Manzoor established the Fixed Income Derivatives business at HBL taking it to become a leader in

IRS & CCS products. In addition, HBL rose to and held the No. 1 position in SBP's Primary Dealer (PD) rankings. During this period, HBL was also ranked No. 1 several times in Euromoney's Forex rankings for Pakistani Banks.

In May 2018, Mr. Manzoor left HBL to contribute to Pakistan's financial markets at the grassroots level. As a first effort, he took a Visiting Faculty position at IBA, teaching Treasury & Financial Markets in the Fall 2018 semester. He also started Mangrove Markets, a company dedicated to developing Pakistan's financial markets through Training & Consulting. Mangrove Markets has so far held two Risk Management Training sessions in Karachi and Lahore, well attended by a cross-section of banking and corporate professionals looking to upgrade their knowledge in the use of Forex & Interest Rate Derivatives for Risk Management.

Mr. Manzoor has the distinction of being the only Pakistani member of PRIME Finance in The Hague. PRIME, which stands for Panel of Recognized International Market Experts, gets involved in arbitration in cases of complex derivative litigation. He has attended PRIME's annual conference in The Hague as a speaker on Islamic Finance & Sustainable Development with special attention to Sharia-compliant arbitration.

Mr. Manzoor is a dual national holding Pakistani & British nationality.

#### Other Directorship:

- Chief Executive Officer, Mangrove Markets



# Mr. Nadeem Naqvi

Non-Executive Director



Mr. Nadeem Naqvi is the CEO of Habib University Foundation, Karachi. Mr. Naqvi holds the degrees of MBA. in Finance and B.Sc. with Honours in Banking and International Finance from the City University Business School in London, United Kingdom and completed his High School (GCE A-Levels) from Dover College, Dover, England. He has passed CFA Level II Exams. He brings with him over 40 years of work experience in global financial services, operating in diverse environments of North America, Europe and the Middle East, besides that of Pakistan.

Mr. Naqvi was Managing Director of Pakistan Stock Exchange Limited (PSX) from 2011 till 2017, when he took early retirement and resettled in Toronto, Canada. During his tenure at PSX he oversaw and guided massive transformation of the stock exchange and Pakistan's Capital Market. Some of his key accomplishments included: implementation of demutualization of the stock exchange; integration of three stock exchanges of Karachi, Lahore and Islamabad and emergence of the Pakistan Stock Exchange Limited as the single capital market in the country; launch of internet/wireless trading platform; advocating with MSCI and international portfolio investors for Pakistan inclusion into MSCI Emerging Market Index and successfully managing the process; playing a key role in divestment of 40% equity stake of PSX to institutional foreign investors. Under his tenure the revenue and profits of the Exchange grew from Rs.692 million and Rs.50 million, respectively in 2011, to Rs.1,477 million and Rs.277 million in 2017.

During this period, he was also the Chairman of the National Clearing Company of Pakistan Limited (NCCPL) and guided the transformation of NCCPL into a full Central Counter Party (CCP) with its own risk management capability as well as introduction of electronic capital gains tax calculation and recovery for the Federal Board of Revenue of the Government.

Prior to joining PSX, Mr. Naqvi was the Chief Executive Officer of an asset management company. Earlier, he served as CEO of AKD Securities Ltd., a leading corporate stock brokerage firm in Pakistan which he helped transform from a proprietary business into a full-scale investment banking and brokerage firm. The Company

gained recognition by the CFA Association of Pakistan as the best domestic brokerage firm for two consecutive years in 2006 and 2007 under his tenure. Mr. Naqvi also served as Chairman of the first technology venture capital fund of Pakistan (TMT Ventures) and oversaw the completion of several ventures by successful exits at I.R.R. ranging from 35-40%.

Economic & market analyses and research have been the hallmark of Mr. Naqvi's career. He led an independent investment research firm in USA/Canada, Investology Inc., which was ranked by 'Business Week' in 2004 as the third best out of 300 independent research firms in North America. Before that, he headed the Merrill Lynch Pakistan research team. He was also the Head of Research of the investment advisory company of Morgan Stanley Asset Management's Pakistan Investment Fund for four years from 1996 – 2000. More recently, from 2017 – 2022, Mr. Naqvi was involved in financial and real estate advisory business in Canada.

Mr. Naqvi has participated in landmark investment banking transactions in Pakistan, including the privatizations of Kot Addu Power Plant, National Refinery and United Bank Limited. He was a member of the Capital Markets Committee, Economic Advisory Council of the President of Pakistan in late 1990's and has served as Vice-Chairman, South Asian Federation of Exchanges (SAFE); Director, Institute of Financial Markets; and Director, JCR-VIS Credit Rating Agency, besides NCCPL and CDC.

## Other Directorships:

- Nominee Director of PSX, Central Depository Company of Pakistan Limited
- Nominee Director of PSX, VIS Credit Rating Company Limited
- CEO & Director, Capital Markets International Advisors Inc. (Financial Consultancy)
- CEO & Director, Habib University Foundation





# Mr. Zubair Razzak Palwala

Non-Executive Director

Mr. Zubair Razzak Palwala was born in March 1964 at Karachi. He completed his basic education from BVS Parsi High School and D.J. Science College. After completing Bachelor's in Commerce from University of Karachi, he joined A.F. Ferguson & Co. Chartered Accountants. He completed the articleship in 1991 and passed the intermediate examination from ICAP. Further, he completed his MBA in 2003.

Presently, Mr. Palwala is serving as Company Secretary and Group Director Banking Relations & Corporate Affairs in The Searle Company Limited.

Mr. Palwala has exposure of dealing with the international agencies and international investment funds. He executed sharia compliant income note agreement of US\$ 10 million with IFC in Washington DC, USA. He also attracted around US\$ 6 million in 2015 from sales of shares of a public unlisted company to an international investment fund.

Mr. Palwala has actively participated in one of the biggest acquisitions in the history of pharmaceutical industry, on leverage buy out (LBO) basis, whereby, borrowings were arranged at Rs. 11 Billion.

He served 3 years in Philips Electrical Industries of Pakistan after which he joined IBL group in 1994 and since then he is affiliated with the said group. Mr. Palwala led the First UDL Modaraba and had also supervised the retail business i.e. Habitt, Dunkin Donuts and carried variable portfolios such as Chief Financial Officer,

Company Secretary of The Searle Company Limited, Group Director Finance for various group companies & Managing Director of United Distributors Pakistan Limited.

He had been the Member, Vice Chairman and Chairman of Modaraba Association of Pakistan and attended various national/international investor conferences including Pakistan Investment Conference.

Mr. Palwala is a Certified Director having completed the Directors Training program conducted by the ICAP.

## Other Directorships/Offices:

- Director & Company Secretary, The Searle Company Limited
- Director, United Brands Limited
- Director, IBL HealthCare Limited
- CEO, Searle Pharmaceutical (Private) Limited
- CEO, Searle Laboratories (Private) Limited
- Director & Company Secretary, Searle BioSciences (Private) Limited
- Director, IBL Operations (Private) Limited
- Director, IBL Unisys (Private) Limited
- Director, MyCart (Private) Limited
- Director, IBL Frontier Markets (Private) Limited
- Director, Searle Pakistan Limited
- Trustee, The Recovery House

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# PSX Management Team



## Sitting (From left to right)

**Mr. Jawad Haider Hashmi**  
Chief Market Operations Officer

**Ms. Sanam Kohati Faiz**  
Chief Human Resources Officer

**Mr. Ahmed Ali Mitha**  
Chief Financial Officer

**Mr. Farrukh H. Khan**  
Chief Executive Officer/Managing Director

**Dr. Fakhara Rizwan**  
Co. Secretary/Chief Legal & Corporate Affairs Officer

**Ms. Raeda Latif**  
Chief Marketing & Business Development Officer

## Standing (From left to right)

**Mr. Ajeet Kumar**  
Chief Regulatory Officer

**Syed Abbas Haider Zaidi**  
Chief Risk Management Officer

**Mr. Nisar Ahmed Qazi**  
Chief Administrative Officer

**Mr. Syed Adeel Javaid**  
Chief Information Officer

**Syed Ahmad Abbas**  
Chief Listing Officer

**Mr. Farhan Ansari**  
Chief Internal Audit Officer

**Mr. Hassan Raza**  
Regional Head & Chief Product Officer

*Senior  
Management  
Profiles*





# Dr. Fakhara Rizwan

Co. Secretary/Chief Legal & Corporate Affairs Officer

Dr Fakhara Rizwan is a highly accomplished professional with a diverse background in law, corporate governance and financial crime compliance. She is an author and a certified director. As the only Pakistani with a doctorate in corporate laws governing takeovers and merger activity in Pakistan, she brings a unique perspective to her work.

Dr Fakhara has authored a book on 'Corporate Takeovers and Mergers -A Study on the Banks Role as Adviser', a founding work on the subject and its two editions are already published. Her articles on corporate laws and social issues have been published in several law journals and newspapers.

Dr Fakhara is a Certified Financial Crime Specialist and a member of the Association of Certified Financial Crime Specialists, an internationally recognized association for financial crime compliance professionals worldwide. Her certification enables her to skillfully detect and prevent the broad array of risks that is the new reality of financial crime.

As a director of the Pakistan Institute of Corporate Governance, Dr Fakhara actively contributes to developing and promoting good governance practices in Pakistan. She is also approved by the Higher Education Commission of Pakistan as a supervisor for PhD candidates.

Dr Fakhara's international experience includes practicing law in Malaysia, where she was the first Pakistani member of the Malaysian Corporate Counsels Association. During her time in

Malaysia, she provided consultancy to Pakistan High Commission and various reputable corporate entities.

In 2014, Dr Fakhara returned to Pakistan and worked in prominent financial institutions. She served as the Company Secretary & Head of Legal Department for AlBaraka Bank, where she played an instrumental role in the acquisition of Burj Bank by AlBaraka Bank - a contribution highly valued by its board of directors. In 2017, she joined ORIX Leasing Pakistan as Company Secretary & Head of the Legal Department. Additionally, she held the position of Vice-Chairperson of the Non-Banking Financial Institutions & Modaraba Association and served as a representative for the Leasing Industry in FPCCI.

Since January 2020, she has been working as the Company Secretary and Chief Legal & Corporate Affairs Officer (General Manager) for Pakistan Stock Exchange. She is also a member of its Listing Committee.

Dr. Fakhara is not just limited to her professional pursuits. She is also a black-belted martial artist, showcasing her dedication and discipline. Her poetic nature is evident in her book Adhuri Takmeel, which has already seen three successful editions.



# Mr. Ahmed Ali Mitha

Chief Financial Officer

Mr. Ahmed Ali Mitha brings with him a rich and diverse background from the financial sector and is the key strategic resource skilled in leadership and finance. He holds the position of Secretary PSX Centralized Customers Protection Compensation Fund (PSX CCPCF) and PSX Clearing House Protection Fund (PSX CHPF), Trustee PSX Employees Gratuity Fund and also a member of various other senior management committees at PSX. He is also member of the Consultative Committee on Capital Markets Tax Reforms as appointed by Federal Board of Revenue, Government of Pakistan in January 2021. His areas of responsibility, besides managing the Finance department as Chief Financial Officer, also include strategic & corporate planning and medium-term financial projection for the development of the Exchange, preparation of PSX tax proposals for annual Federal Budget, budgeting and revenue remodeling and treasury and funds management. As the top financial officer of PSX, he is responsible for forecasting the organisation's financial standing and advising the CEO and the Board on strategic direction. Mr. Mitha's role as CFO underscores the strategic importance of his contribution for Pakistan Stock Exchange.

Mr. Mitha started his career in the year 1994 from PWC and joined PSX in 2006 as Chief Financial Officer. He brings with him over 29 years of rich & diverse leadership experience in the field of Audit and Finance, in both public and private sectors, including insurance, cement and textile industries. He has previously held the position of Executive Director Finance and Company Secretary of National Insurance Company Limited (NICL).

Mr. Mitha is also serving as nominee director of PSX on the Board of National Clearing Company of Pakistan Limited. He is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and completed his Articleship from one of the Big four firms, AF Fergusons, a member firm of Price Water House Coopers (PWC) International. He is also an Associate member of Institute of Cost and Management Accountants of Pakistan (ICMAP).





## Mr. Ajeet Kumar

Chief Regulatory Officer

Mr. Ajeet Kumar is a thorough capital market professional with 14 years of experience and has been a core member of Regulatory Affairs Division (RAD) since demutualization of the Stock Exchange. Mr. Ajeet is the head of RAD and also acts as Secretary to the Regulatory Affairs Committee of the Board of Directors, Chairman of Oversight Committee constituted by SECP under the Joint Inspection Regulations, 2015 and member of Risk Committee of NCCPL. Prior to joining PSX, he was associated with SECP for over 4 years in Securities Market Division.

He is well versed with the local capital market dynamics and global practices governing securities market and is considered as dedicated professional who is analytical, detail and target oriented with strong abilities to manage large teams to fulfil diverse responsibilities in a fair and transparent manner. He has expertise in advisory, policy making, research, compliance and enforcement and has been instrumental in formulating effective regulations and strategies for the development of capital market of Pakistan. During his tenure as CRO, Mr. Kumar has transformed to risk based supervision and enforcement

regime with emphasis to enhance compliance culture for ensuring investor confidence and trust.

He has played key role in various PSX projects where major ones on his credit include deployment of a robust surveillance system as part of new trading system, digital onboarding of customers, migration to e-filings of reports by regulated entities, integration and self-listing of PSX; framing of regulations for Market Makers, Index Options, ETF, SLB, GEM Listing, Index/ Market Halts, Privately Placed Debt Instruments, risk management regime etc. Mr. Ajeet was actively involved in establishment of first-ever on-site joint inspection regime for brokers, introduction of first-ever Rulebook of PSX and its re-introduction pursuant to promulgation of Securities Act, 2015 and Futures Market Act, 2016 and implementation of clients' assets segregation reporting framework as a landmark breakthrough.

Mr. Kumar is an MBA in Finance from IBA Karachi and has cleared Level II of CFA program. Besides, he has also been awarded relevant certifications from the Institute of Financial Markets of Pakistan.





# Mr. Farhan Ansari

Chief Internal Audit Officer

Mr. Farhan Ansari is a Fellow member of the Institute of Chartered Accountants of Pakistan. He is also a Certified Internal Auditor from the Institute of Internal Auditors-USA. He has with him around 24 years of experience in the field of Audit and Accounts.

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



# Mr. Syed Adeel Javaid

Chief Information Officer

Mr. Syed Adeel Javaid has over 24 years of corporate experience and is well versed with the local and international technology and capital market dynamics. He has extensive experience of managing business critical systems & services involving multifunctional teams and large-scale project portfolios through strategic technology planning and change management with special focus on digital transformation. He contributed and was key member of the teams at PSX and Bahrain Bourse who successfully upgraded and migrated Exchanges' Trading Engines.

His last appointment was with Kounteq Limited (UK & PK) for 3 years as Chief Technology Officer. Prior to that he has served Bahrain Stock Exchange (Bahrain Bourse) for 15 years where he was serving as IT Director. Earlier, he remained associated with Wavetec Pakistan and APS Control Systems (The Netherlands) for 5 years in middle management roles.

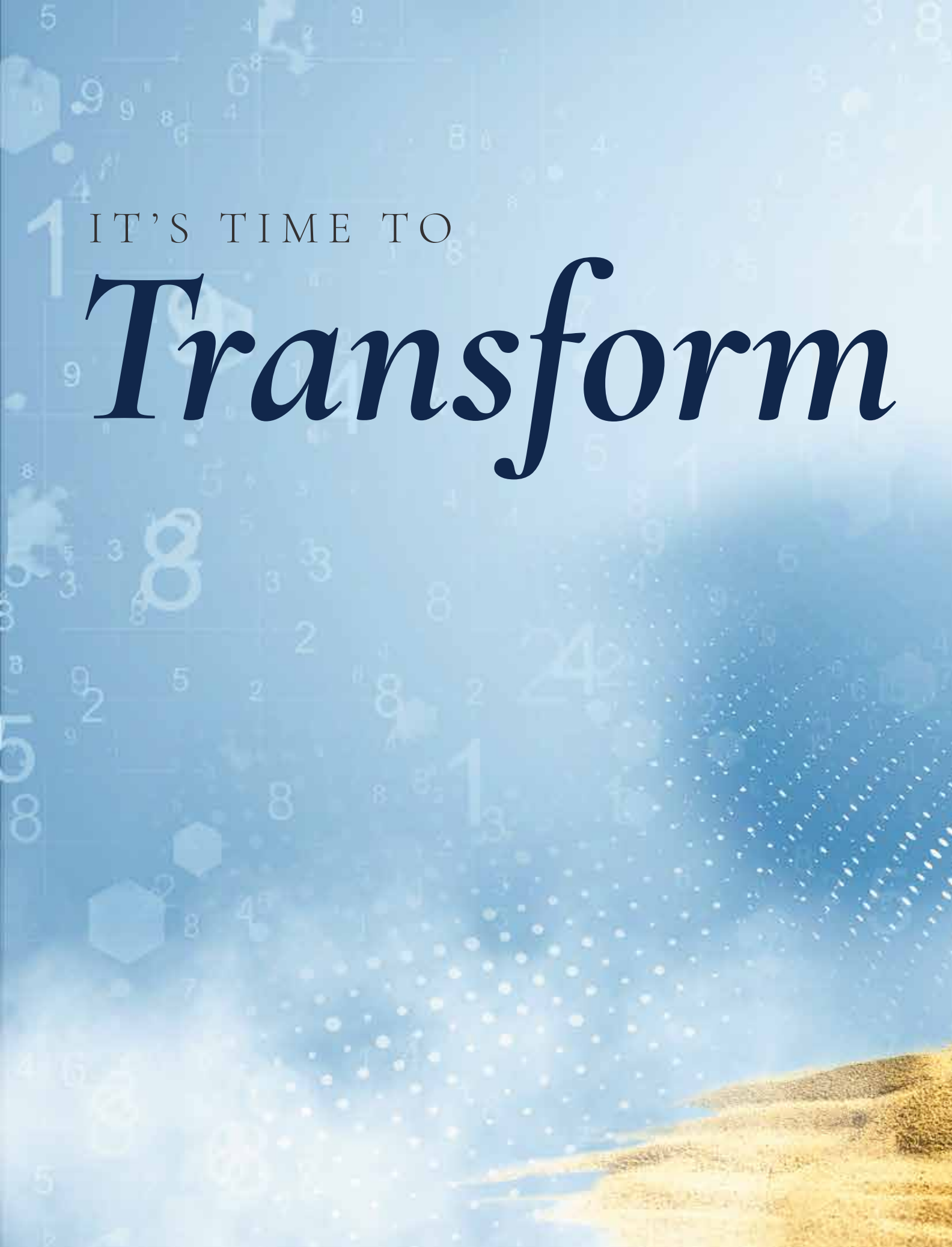
Mr. Javaid holds a Bachelor's degree in Electrical Engineering from NED University, Karachi and had also attained PRINCE2 Practitioner accreditation.

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IT'S TIME TO

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# Notice of Annual General Meeting

NOTICE is hereby given that the seventy-sixth (76<sup>th</sup>) Annual General Meeting (AGM) of Pakistan Stock Exchange Limited (PSX or the Company) will be held on Friday, October 27, 2023, at 4:00 p.m. at the Registered Office of the Company, Stock Exchange Building, Stock Exchange Road, Karachi and through video-conferencing facility, to transact the following businesses:

## Ordinary Business:

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2023, together with the Directors' and Auditor's Reports thereon.
2. To appoint auditors of the Company for the year ending June 30, 2024, till the conclusion of the next AGM and fix their remuneration. The retiring auditors, M/s. Grant Thornton Anjum Rahman, Chartered Accountants, being eligible, have offered themselves for re-appointment.

## Special Business:

3. To obtain approval of the shareholders of the Company, as per the requirements of SRO 389(I)/2023 dated March 21, 2023, issued by the Securities and Exchange Commission of Pakistan (SECP), for transmission of the annual balance sheet, profit and loss account, auditor's report and directors' report, etc. (annual audited financial statements or the annual report) to the members/shareholders through QR-enabled code and web-link, instead of transmitting the same through CD/DVD/USB, and to pass the following resolution as Ordinary Resolution:

**RESOLVED THAT** the shareholders of PSX do hereby consent and authorise the Company for transmission of annual audited financial statements or the annual report, including but not limited to the annual balance sheet, profit and loss account, auditor's report and directors' report, etc. to its shareholders through QR-enabled code and web-link, instead of transmitting the same through CD/DVD/USB, subject to the requirements of SECP's SRO 389(I)/2023 dated March 21, 2023.

## Other Business:

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

By Order of the Board of Directors  
**Dr. Fakhara Rizwan**  
Company Secretary

Karachi

Dated: October 04, 2023

## Note:

1. A statement under Section 134(3) of the Companies Act, 2017, setting out all material facts concerning the special business described in the above agenda, is annexed to this notice. This notice and the statement of material facts are also available on Company's website.
2. The Annual Report containing the Annual Audited Financial Statements for the year ended June 30, 2023, is also available on the Company's website.
3. A member may submit a request at the registered office of the Company for certified copies of the minutes of previously held general meetings.

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## NOTES

1. The Register of Members will remain closed from October 20, 2023, to October 27, 2023 (both days inclusive). The Members whose names appear on the Register of Members as on October 19, 2023, shall be entitled to attend and vote at the AGM.
2. A member entitled to attend, speak and vote at the meeting shall also be entitled to appoint any person as his/her proxy to attend, speak and vote instead of him/her. A proxy so appointed shall have such rights with respect to attending, speaking and voting at the meeting as are available to the respective member. The Company must receive the Instrument of Proxy and the Power of Attorney under which it is signed or a notarised certified copy of that Power of Attorney at least 48 hours before the meeting. A proxy need not be a member of the Company. The Form of Proxy is available in the Annual Report and on the Company's website.
3. Any company or other body corporate which is a member of the Company may, by resolution of its Directors, or proxy signed by authorised officers, authorise any of its officials or any other person to act as its representative at the meeting and the person so authorised shall be entitled to exercise the same powers as if he/she were an individual member of the Company.
4. Since all shares issued to members are in dematerialised format in their respective Central Depository Company of Pakistan Limited (CDC) accounts, the individual members desiring to attend the meeting in person, are requested to bring their original Computerised National Identity Cards (CNICs) along with the Investor Account or Participant ID and House Account/Sub-Account numbers, for identification purposes, whereas, in case of corporate member, the resolution of Board of Directors/Power of Attorney with specimen signature of the nominee may preferably be provided to the Company well in advance or otherwise produced at the time of meeting.
5. Members are requested to notify the change of their registered address, if any, immediately but before the first day of book closure to their Participant/CDC Investor Account Services which maintains their CDC account.
6. **Participation in AGM through Video-Conferencing Facility**

Pursuant to the clarification bearing reference no. SMD/SE/2(20)/2021/117 issued by the Securities & Exchange Commission of Pakistan (SECP) on December 15, 2021, the Company is facilitating the shareholders to attend the AGM via video-link, in addition to physical arrangements for the meeting. Therefore, the shareholders are encouraged to participate in the AGM through video-conferencing facility and accordingly, get themselves registered with the Company Secretariat by providing the requisite details at their earliest but not later than 48 hours before the time of the AGM (i.e. by 4:00 p.m. on October 25, 2023) through e-mail to be sent at [shareholders.affairs@psx.com.pk](mailto:shareholders.affairs@psx.com.pk).

For this purpose, the shareholders are advised to provide the following particulars, along with the scanned copy of their CNIC and that of their proxies, if so appointed. Moreover, in the case of a corporate member, the scanned copy of the resolution of the Board of Directors/Power of Attorney with a specimen signature of the nominee must also be provided.

Name of Shareholder*	CNIC/NTN No.	CDC Account No.	Cell No.	E-mail Address
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\* Where applicable, please also give the above particulars of the proxy-holder or nominee of the shareholder.

Upon receipt of the above information from the interested shareholders, the Company will send the relevant video-link and the login credentials to their e-mail addresses. Accordingly, the shareholders will be able to participate in AGM proceedings through their smartphones or computer devices. In addition to above, the shareholders can also provide their comments and/or suggestions in connection with the agenda items of the AGM by using the aforesaid means.



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The above arrangement would also cover the requirement of Section 134(1)(b) of the Companies Act, 2017 (the Companies Act), in relation to providing video link facility to the members holding 10% or more shareholding (in aggregate) in the Company, residing at a geographical location.

## **7. Voting Procedure for Special Business**

Concerning the special business to be transacted at the AGM, it is hereby notified that pursuant to the requirements of Companies (Postal Ballot) Regulations, 2018 (the Postal Ballot Regulations), the members will be allowed to exercise their right to vote in accordance with the conditions mentioned in the said regulations. Accordingly, the Company shall provide its members with the following options for voting:

### **(i) Electronic Voting**

The Company's e-voting service provider, M/s. FAMCO Associates (Private) Limited, in accordance with the Postal Ballot Regulations, will send complete information to the members, including but not limited to web address, login detail, password, date of casting e-vote and other necessary details through e-mail; and security code through SMS on their registered e-mail available in the members' register. The identity of the member intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login. All members are accordingly requested to update their records regarding their mobile numbers and e-mail addresses with their Participant/CDC Investor Account Services, which maintains their CDC account, before the book closure date. The voting line for special agenda item shall open for the members from October 23, 2023 at 09:00 a.m. and remain available until October 26, 2023 at 5:00 p.m.

### **(ii) Voting through Postal Ballot**

The members shall ensure duly-filled and signed ballot paper, as per the enclosed format, which is also available on Company's website, together with requisite documents, should reach the Chairperson through the post at PSX Head Office, Admin Block, 6<sup>th</sup> Floor, Legal & Corporate Affairs Department, Stock Exchange Building, Stock Exchange Road Karachi, or by e-mail at [general.meeting@psx.com.pk](mailto:general.meeting@psx.com.pk) till 5:00 p.m. on October 26, 2023.





**PAKISTAN STOCK EXCHANGE LIMITED**

Stock Exchange Building, Stock Exchange Road Karachi, UAN: 111-001-122, Website: www.psx.com.pk

**BALLOT PAPER FOR VOTING THROUGH POST**

For Special Business to be transacted at 76<sup>th</sup> AGM on October 27, 2023 at 4:00 p.m.  
at Registered Office of the Company, Stock Exchange Building, Stock Exchange Road Karachi.

Designated e-mail address of the Chairperson at which the duly filled in ballot paper may be sent: [general.meeting@psx.com.pk](mailto:general.meeting@psx.com.pk)

Name of Shareholder/Joint Shareholders	
Registered Address	
CDC Participant/Investor ID with sub-account No.	
Number of Shares Held	
CNIC Number (copy to be attached)	
CUIN (In case of corporate entity)	

I/we hereby exercise my/our vote(s) in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the same by placing tick (✓) mark in the appropriate box below:

Nature & Description of Resolution	No. of ordinary shares used for casting votes	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
<p><b><u>Ordinary Resolution for Special Business to be transacted at 76<sup>th</sup> AGM of Pakistan Stock Exchange Limited (PSX or the Company)</u></b></p> <p><b>RESOLVED THAT</b> the shareholders of PSX do hereby consent and authorise the Company for transmission of annual audited financial statements or the annual report, including but not limited to the annual balance sheet, profit and loss account, auditor's report and directors' report, etc. to its shareholders through QR-enabled code and web-link, instead of transmitting the same through CD/DVD/USB, subject to the requirements of SECP's SRO 389(I)/2023 dated March 21, 2023.</p>			

Signature of Shareholder(s)  
*(Please affix company stamp in case of corporate entity)*

Place

Date

**NOTES:**

- The duly filled postal ballot should be sent to PSX Chairperson, Dr. Shamshad Akhtar, through post at PSX Head Office, Admin Block, 6<sup>th</sup> Floor, Legal & Corporate Affairs Department, Stock Exchange Building, Stock Exchange Road Karachi, or through e-mail at [general.meeting@psx.com.pk](mailto:general.meeting@psx.com.pk), on or before October 26, 2023 till 5:00 p.m. Any postal ballot received after this date will not be considered for voting.
- Copy of CNIC should be enclosed with the postal ballot form. In the case of a corporate entity, a copy of the Board resolution authorising any signatory(ies) to vote on behalf of such entity, along with his/her CNIC copy, should be enclosed.
- The signature on the postal ballot should match the signature on CNIC.
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over-written ballot paper will be rejected.



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## **STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**

This statement sets out the material facts concerning the Special Business, to be transacted at the AGM of PSX, to be held on October 27, 2023.

The Securities and Exchange Commission of Pakistan (SECP) vide its statutory notification SRO 389(I)/2023 dated March 21, 2023, has allowed the listed companies to circulate the annual balance sheet, profit and loss account, auditor's report and directors' report, etc. (annual audited financial statements or annual report) to its shareholders/members through QR-enabled code and web-link, subject to the fulfilment of the specific requirements laid in the said notification, which includes seeking the approval of the shareholders in the general meeting to circulate the annual audited financial statements to them through QR-enabled code and web-link.

In this connection, PSX is seeking the consent of the shareholders of the Company for transmission of annual audited financial statements or annual report to its members through QR-enabled code and web-link while ensuring compliance with the specific requirements of SECP including but not limited to dissemination of notice of general meetings in terms of requirements of the Companies Act, 2017; provision of the annual audited financial statements or annual report through e-mail in case of availability of the e-mail addresses of the members; and supply of a hard copy of the annual report to the members, at their registered addresses, free of cost within a week of receipt of the request, as per standard format available on PSX's website.

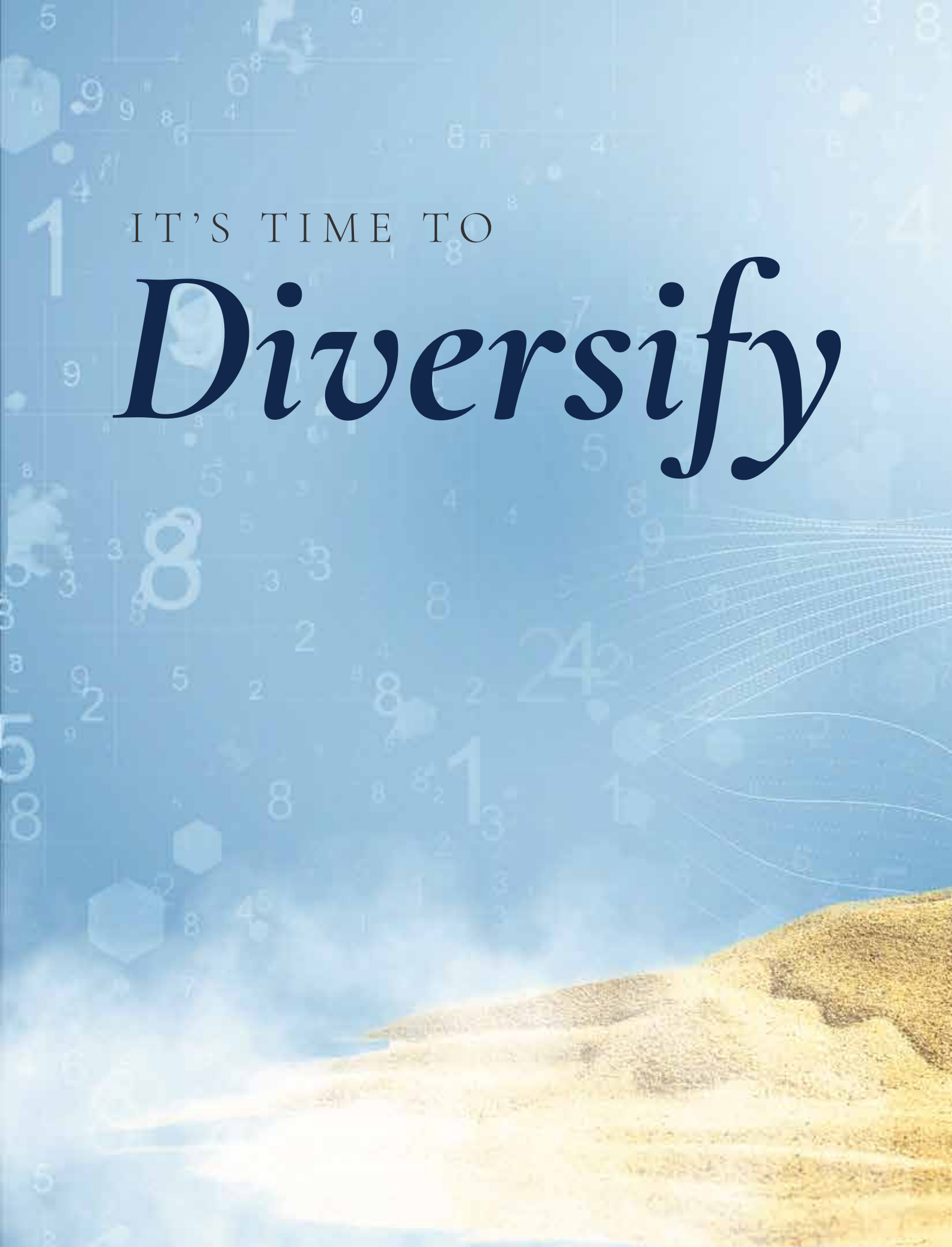
None of the directors of PSX have any personal interest in the aforementioned special business except in their capacity as shareholders or directors of the Company.

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IT'S TIME TO

# *Diversify*







# *Chairperson's Review Report*

Dr. Shamshad Akhtar  
Chairperson &  
Independent Director

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## Dear Shareholders,

Despite the current macro and micro economic environment, the Pakistan Stock Exchange (PSX) continued consolidating its efforts and delivering to help augment the financial sector. With climate change the most important and widely impacting subject under discussion, PSX aims to promote Sustainability and Environmental, Social & Governance (ESG) standards in the documented economy. PSX is pleased to reiterate its commitment of being the bridge between Global ESG paradigms shaping the future in investments and business growth and its mainstreaming in Pakistani businesses. Our efforts have been focused on continued stakeholder engagement, be it regulators, investors and businesses themselves, on devising an amicable strategy and future roadmap. Listed companies are encouraged to report on Sustainability and ESG to enhance their governance structures and poise themselves for further growth to help sustain the environment and contribute to the efforts against climate change. As a front-end regulator, PSX encourages long-term value for both issuers and investors, with ESG matters held critically important in this context. The Chair played an instrumental role in recommending that PSX join the league of Sustainable Stock Exchanges and thus PSX became an active member of the Sustainable Stock Exchanges Initiative (SSEI), where the opportunity lies in adopting and mainstreaming efforts to capitalize on SDG 17 'Partnerships' along with other paradigms of sustainable development.

We have also embarked on our own ESG journey at PSX and believe that our efforts shall result in an innovative and responsible securities exchange that shall pride itself on being transparent and efficient, cater to risks and find opportunities for future technology advancement for business continuity with a net positive environmental and social impact. PSX plans to integrate Sustainability along its own platform and guide market cap companies by introducing ESG disclosure requirements, associated risks and opportunities.

Being the Chair, I have recommended the need for front line regulator to position itself to attract foreign inflows and called for alliance with the PICG and engagement of KPMG as knowledge partner for their positive and valuable inputs. Therefore, PSX continues to raise awareness by holding sessions and other training programs for Sustainability and ESG among investors and issuers through joint efforts with stakeholders such as the Pakistan Institute of Corporate Governance (PICG) and CFA Society Pakistan (CFASP). The whole sectoral and company engagement, dialogue with industry and regulators was catalyzed at my level and I in my speeches have raised awareness of international efforts including the European directives and have been engaged with ICAP, ACCA and other platforms to position PSX. There are so many of my interventions where technical stuff is available and ESG complexities and benefits are outlined. PSX is also confident of launching ESG products and indices in the near future.

The capital market is a fully documented platform with enormous opportunities to capitalize on the demographic dividend, educate our masses towards investing in the capital market, and make our businessmen aware that they can grow and list their businesses on the Exchange. To this end, PSX continues to build issuer and investor awareness through numerous webinars, in-person meetings & sessions, educational courses and workshops. The purpose being to consolidate an issuer pipeline and generate heightened interest by investors towards investing on the Stock Exchange by inculcating financial literacy concepts like saving and investing, among others.

Among some of the key developments at the Exchange during the past year, PSX listed a closed-end developmental REIT scheme, the first of its kind to be listed on PSX. PSX also listed 10 debt securities having issue size totaling Rs 54.17 billion in the outgoing fiscal year. Pakistan Stock Exchange launched the New Trading & Surveillance System, a high-performance, cutting edge and future-ready system that is taking the digitization process of the capital market to a new age of progress and advancement. Furthermore, PSX digitized its listing process through an online portal called PRIDE (Public Offerings Revolutionized through Integrated & Digitized Experience).

On the international front, PSX has become a proud signatory of the UN's Women's Empowerment Principles (WEPs). This clearly reflects PSX's advocacy towards gender equality, inclusivity and promoting gender-responsive policies. PSX has been awarded the Best Islamic Stock Exchange Award 2022, by the Global Islamic Finance Awards (GIFA). This was the second consecutive year in which PSX has been awarded this accolade in recognition of PSX's commitment to presenting Islamic products, offerings and regulatory enhancements in the Islamic financial sector.



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In the outgoing year under review, PSX management and board have interacted with the Ministry of Finance, SECP, SBP, and capital market stakeholders to enable policy enhancements and provisions for the capital market to benefit all stakeholders and market participants. With attractive valuations and P/E ratios, PSX remains an attractive option for investors, whereby they can create their portfolios across numerous sectors of trade and industry in the economy. PSX's platform is also available for IT and ITES companies to raise capital, which will help augment momentum in the e-commerce and IT sectors of the economy.

PSX Board is working towards advancing transparency and strengthening governance of PSX.



**Dr. Shamshad Akhtar**  
Chairperson of the Board



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# *MD & CEO Review 2023*

Mr. Farrukh H. Khan  
Chief Executive Officer

## CEO's Review Report

### Dear Stakeholders,

Despite a very difficult operating environment, severely impacted by macro events, PSX has continued to implement and make significant progress on the strategy approved by the Board. To recall from my review last year, the strategy focuses on three key areas:

- Increasing supply of securities and products
- Fostering demand and knowledge of capital markets to increase the number of investors
- Strengthening the PSX organisation to deliver on this ambitious strategy

With respect to the current year under review, I am very pleased to report that in spite of a challenging operating environment and severe macro-economic and political headwinds, which has impacted profitability, PSX has continued to grow and deliver on its strategic plan, with increased UINs, IPOs and improvement in its financial sustainability.

Of particular importance was the successful implementation of the New Trading System. This was the largest and most ambitious infrastructure project for PSX in the last 20 years and has truly brought PSX's Trading and Surveillance infrastructure into the 21st century. Its implementation has enabled Pakistan's capital market to come at par with the world's leading markets. With several advancements from OTS, NTS is expected to enhance the technical, surveillance and business capabilities of all market participants. I would like to acknowledge the hard work done by the cross functional teams at PSX, the team at Shenzhen, PSX's TREC holders, who worked with us ceaselessly for the successful implementation, the teams at NCCPL and CDC, and the guidance and unwavering support of PSX board and SECP.

FY22-23 was one of the most challenging years in Pakistan's history. This coupled with the small base of PSX provides a challenging framework to achieve growth. Hence, I am proud of the work done and growth achieved by PSX in such an environment.

The following chart demonstrates the progress made and the growth achieved since the strategic acquisition and listing of PSX. Most KPIs were declining or stagnant for the first three years. We have started turning around PSX in the last three years, despite one year being consumed by COVID and the year under review by severe economic and political volatility.

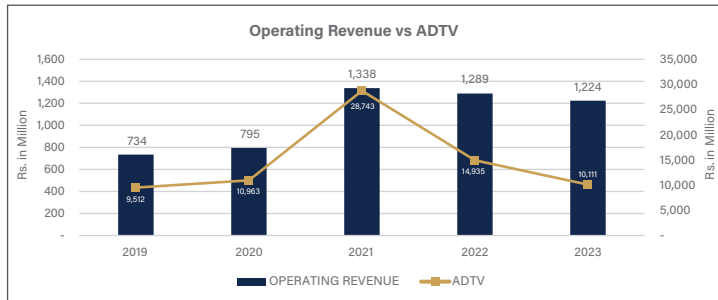
	(Audited) FY 2017-18	(Audited) FY 2018-19	(Audited) FY 2019-20	(Audited) FY 2020-21	(Audited) FY 2021-22	(Audited) FY 2022-23
	Rs in million					
Operating Revenue	669	734	795	1,338	1,289	1,224
Other Operating Revenue	222	188	188	126	165	241
Operating Expenses Before Depreciation and Amortization	(937)	(970)	(1,046)	(1,078)	(1,213)	(1,337)
<b>Operating Profit / (Loss) Before Depreciation and Amortization</b>	<b>(46)</b>	<b>(48)</b>	<b>(63)</b>	<b>386</b>	<b>241</b>	<b>128</b>
Depreciation and Amortization	(181)	(218)	(137)	(294)	(214)	(238)
<b>Operating Profit / (Loss)</b>	<b>(227)</b>	<b>(266)</b>	<b>(200)</b>	<b>92</b>	<b>27</b>	<b>(110)</b>
Other Revenue / (Loss)	5	14	6	22	(61)*	(101)*
Share of Profit from Associates	340	344	384	608	494	461
<b>Profit Before Tax</b>	<b>118</b>	<b>92</b>	<b>190</b>	<b>722</b>	<b>460</b>	<b>250</b>
Year end Cash Balance	1,236	961	827	938	1,108	1,184
<b>UIN (No.)</b>	<b>238,763</b>	<b>230,182</b>	<b>231,735</b>	<b>257,714</b>	<b>279,522</b>	<b>302,761</b>
Equity Listings	6	2	-	7	10	5
<b>Debt Listings</b>	<b>9</b>	<b>9</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>10</b>
ADTV Rs in Bn (Ready)	9	7	8	20	10	7
<b>ADTV Rs in Bn (Future)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>9</b>	<b>5</b>	<b>3</b>

\* It is due to exchange loss on account of foreign currency liability related to NTS.

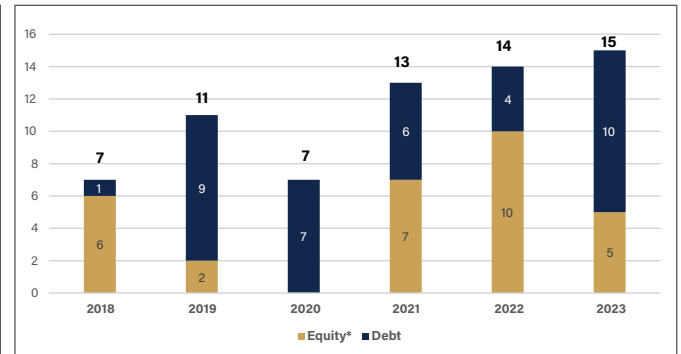
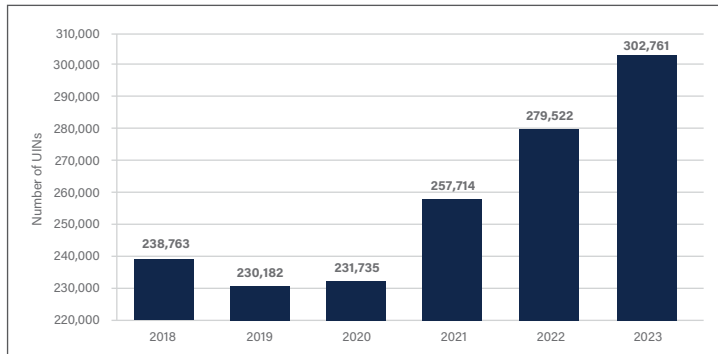
## Strategic Developments

PSX's focus for the year under review was to continue developing initiatives to grow the capital markets while stabilising PSX as both profitability and cash flow were under tremendous pressure.

PSX faced volume and pricing challenges and made full efforts to resolve them. However, volumes are severely impacted by the macro conditions. PSX's topline had been stuck around Rs. 750m for many years and was heavily dependent on trading volumes. Due to the various initiatives taken, the topline has grown by over 70% in the last three years and reliance on trading volumes has been reduced. While trading volume reduced by 32%, revenue dropped by only 5%.



Despite the challenging macro environment, we continued to make progress in increasing UINs and both debt and equity IPOs.



\*Equity includes the listings of Main Board, GEM Board and Preference shares.

Approximately 78% of PSX's equity is invested in real estate and associated SROs. The board recognizes that it is essential to strategically grow and capitalise on these assets to achieve sustained growth and profitability at PSX. This will be instrumental in developing a strong and profitable organisation that can attract top talent and invest in infrastructure for the growth of Pakistan's capital markets. Hence, the first steps have been taken to progress in these key strategic areas ; (i) development of PSX real estate and (ii) closer collaboration with CDC and NCCPL to improve efficiencies and reduce costs. Properly implemented, the latter initiative will also have a medium to longer-term transformative impact on the capital markets.

We continue our efforts to mainstream ESG as a frontline regulator and a listed company as envisaged in our SSEI membership and our own commitment towards the greater good of our society. We also recognize that PSX is uniquely positioned to facilitate ESG practices for companies listed on our exchange and those vying for listing. One material aspect of which is investor focused ESG reporting.

We are committed and consistent in our aim to make businesses more resilient and responsible. In FY 23, to ensure this, we have adopted a gradual target-oriented approach. One such aspect being technology oriented transformation by commissioning of our state-of-the-art New Trading & Surveillance System (NTS). Along with our continuous liaison ESG TaskForce, we also engaged the industrial and corporate sectors such as the banking, automobile, and textile sectors to drive the concept adoption of ESG throughout the existing market. Many more such initiatives have been communicated through our first sustainability themed communication as part of this annual report on page 110.

On the global ESG front, we have also kept pace with recent developments. With the adoption by EU of Corporate Sustainability Reporting Directive (CSRD), launching of the European Sustainability Reporting Standards (ESRS) and the release and launch of IFRS S1 and S2 standards, it is imperative for Pakistan's businesses to be prepared to meet the reporting requirements of these standards as and when they are adopted in Pakistan. PSX is ready to play its part in this context.

I would especially like to acknowledge and thank the Chair for her guidance and support to the ESG initiative within PSX and the capital markets. She has played a key leadership role in forming the ESG Task Force, joining the SSE and other initiatives outlined in the ESG report. I would also like to thank the board for their support.

## Financial Performance

### Operating Revenue

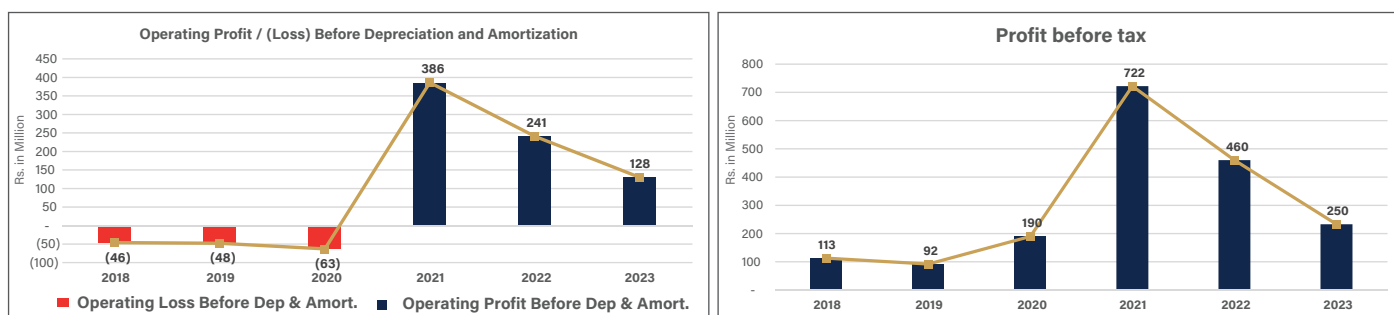
As mentioned above, PSX will always remain dependent on trading volumes by nature of its business. However, a concerted effort has been made to minimise the dependence on trading volumes by developing other revenue sources like data vending and a strong focus on listings, while at the same time making efforts to increase the trading volumes through new products like Sahulat accounts, online account opening, 90 days futures, amongst others. The effort is to shift the trading volumes up so that even in lean markets, the volumes stay at a reasonable level.

Despite a reduction in ADTV, by 32% YoY, i.e. from Rs. 14.93 billion/day during FY21-22 to Rs. 10.1 billion/day during FY22-23, PSX's operating revenue only reduced by 5% YoY as PSX has increased revenues in other operating areas, including annual & initial listing fee and data vending revenues. This has reduced dependence on trading-related activities.

### Sustained Profitability

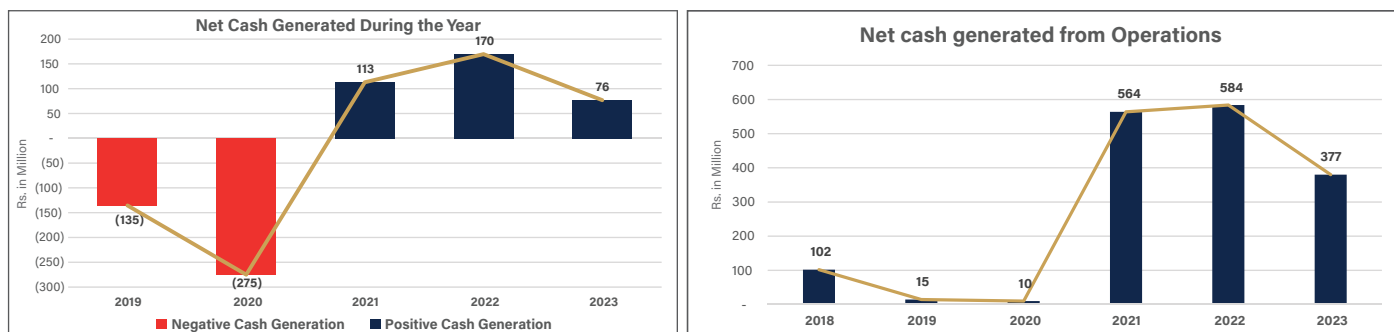
PSX has been under significant pressure due to continuous operating losses and negative cash flow generation for many years. Management has been singularly focused on turning around this situation, which if allowed to continue, would have created a precarious situation for PSX and Pakistan's capital markets.

The tables below further illustrate the significant turnaround in operating profit/(loss) before depreciation and PBT during the past six years:



### Improvement in Cash Flow from Operations

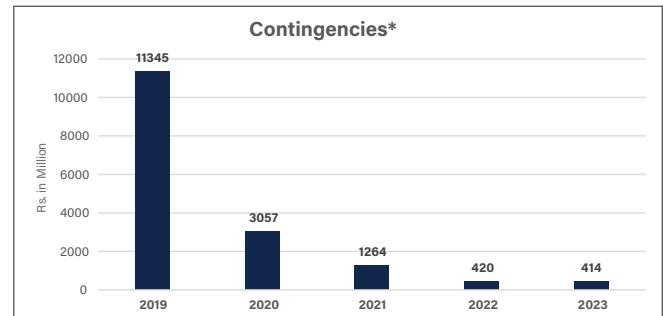
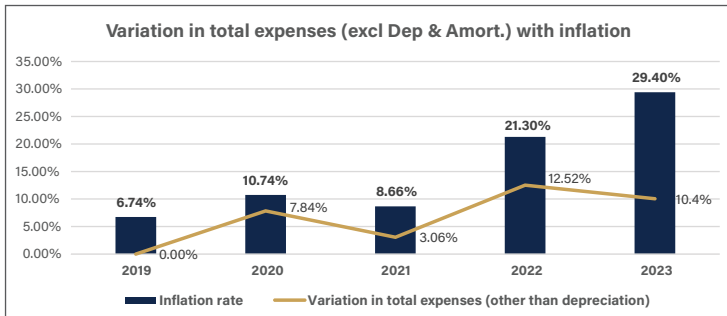
After being cash flow negative for many years, PSX is now finally cash flow positive after a concerted effort to improve cash flows. Despite the significant deterioration in the economic environment and reduction in the operating profit & profit before tax compared to last year, PSX has maintained a positive cash balance, which stands at Rs. 1.1 billion (FY 2021-22: Rs. 1.1 billion), due to better cashflow and treasury management during the year as illustrated below:



The annual cash generated from operational activities has also improved significantly.

## Expense Growth Vs Inflation

While focusing on revenue growth, Management has kept tight control of expenses while investing in key areas like IT and HR. PSX HR headcount is the lowest in the last 5 years and to encourage a cost-efficient approach, all departments continued the zero-based budgeting methodology for preparing their budgets.



- A concerted effort has been made to bring down the contingent liabilities in the financial accounts from an extraordinarily high level of over Rs.11 billion in 2019, more than PSX's equity, to only Rs. 414 million this year.

## Other Key Highlights

### Other key highlights include:

- Continued improved collaboration between SROs. Significant improvement in Online Account Opening, Sahulat accounts, NTS and improved information security are some examples of this collaboration.
- In September 2022, Pakistan Stock Exchange received the Best Islamic Stock Exchange Award presented by Global Islamic Finance Awards (GIFA) for the second consecutive year. PSX is fully committed to development of Islamic Capital Markets
- Continued progress on ESG-related work, including the appointment of PWC to support ESG reporting by PSX in FY2023 accounts and gap analysis. In addition to joining the UN's Sustainable Stock Exchanges (SSE) Initiative in 2021, PSX is also working towards developing ESG Guidelines for listed companies in collaboration with SECP.
- The Exchange achieved a major milestone by formally launching an online portal devised to automate the listing process from end-to-end by allowing Lead Managers/Advisors/Consultants to submit all listing documentation electronically.
- To provide information about IPOs to the general investors, Public PRIDE has also been launched.
- A number of exciting initiatives have been taken for investor awareness and education. These include, PSX Urdu website, PSX Knowledge Center, Stock Market Basics course and "My Portfolio", a virtual trading tool.
- Good interaction with SECP, FBR and MoF continued during the year. This effort achieved some key tax changes, especially for CGT, in the last budget.
- PSX Dividend 20 Index, which is PSX's first fundamental index, was launched in September 2023. The index gives market participants a new benchmark to measure the return/performance of dividend-paying stocks.
- A significant milestone was achieved during the current fiscal year as the local KYC sharing with banks was operationalised. This initiative will go a long way in enabling a smooth onboarding process for investors wanting to open a brokerage account. Banks can securely share KYC information with brokers through this facility.
- For the first time ever, PSX spearheaded a joint marketing campaign by the 3 SROs, brokers and banks. This was a comprehensive press, TV and social media campaign, and was focused on creating awareness about Roshan Equity Investment for overseas Pakistanis as part of the larger umbrella of the Roshan Digital Accounts.

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- Significant improvement in the digital account opening process, resulting in:
    - Approximately 80% of new UINs opened digitally over the recent 6 months,
    - Digital onboarding expanded the outreach country-wide, with over 55% of new accounts opened from non-mainstream cities in FY 23.
    - Streamlined process, simplified KYC and rationalisation of documentation led to significant growth in Sahulat Accounts – over 35% of new UINs are Sahulat in the last 2 quarters.
  - An MoU was signed with Karandaz to fund the cost of listing for companies seeking to list on the GEM Board of PSX.
  - Successfully launched Pakistan’s first debt-based ETF providing exposure to government debt securities.
  - PSX remains committed to developing top-quality talent and building the future pipeline for not only the Exchange but also the entire Capital Market. A major milestone was achieved in this regard when PSX collaborated with the other two SROs and launched the Capital Market Future Leaders Program (CMFLP) in FY 2023. This is a one-of-a-kind initiative where a talent pipeline is being built to serve and grow the entire industry.
  - We have developed and continue to maintain excellent and respectful relationships with the SECP, MoF, FBR, SBP and generally with the GoP. Capital markets can only develop in a thriving ecosystem. We work closely and in a collaborative manner with all stakeholders, including PSBA, mutual funds and listed companies.

None of the above would have been possible without the support and guidance of the board, and the hard work and commitment of the PSX team. I would like to appreciate and thank them both. We have also had the full support of SECP, brokers and all stakeholders as we work relentlessly to grow the capital markets and create stakeholder value. I would like to acknowledge and thank all of them. I am confident that PSX will continue to play an increasingly important role in the economic development of Pakistan and provide both investment and capital raising opportunities for investors, corporates and the government.



**Farrukh H. Khan**  
Chief Executive Officer

# *ESG Report*

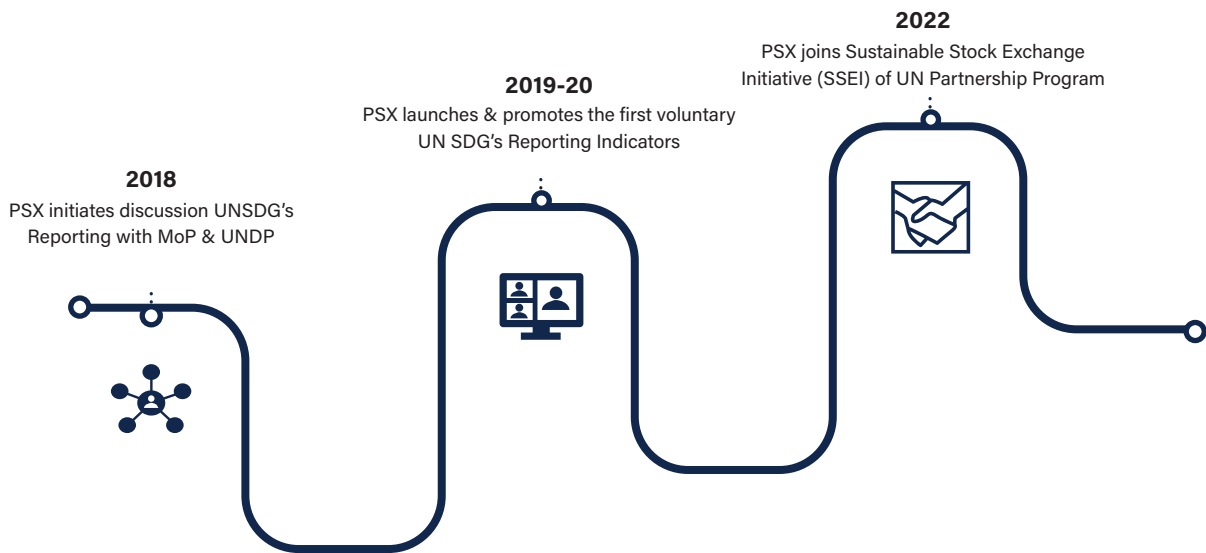




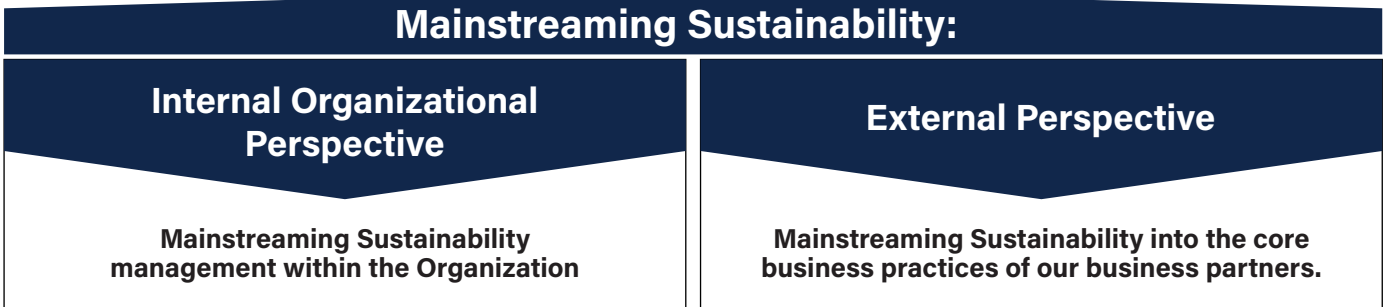
# Sustainability at Pakistan Stock Exchange

At Pakistan Stock Exchange (PSX), we have an inherent belief to align our business practices for sustainable future growth prospects. We have prioritized sustainability as an immediate agenda item both at the leadership and at the operational levels for delivering long-term value and enhancing investor confidence by building trust and encouraging transparency for all our stakeholders. This implies Non-financial aspects of business such as environmental and social management systems, practices and relevant disclosures along with governance mechanism which are equally important and should be considered fundamental building blocks for trust and transparency along with financial aspects.

We are aware of the fact that adopting a pathway for a sustainable future has its unique challenges and requires significant commitment. We also understand that as frontline regulator our role shall be that of an enabler to bring about a meaningful transition and thus we embarked upon this transition journey with the adoption of the UNSDGs. Our primary objective ever since has been to mainstream sustainability among our member companies and other stakeholders by engaging them at the top tier of leadership, both for strategy and reporting.



## Mainstreaming Sustainability:



## Sustainable Development Goals Reporting

Pakistan adopted the United Nations' Sustainable Development Goals (SDGs), along with other UN member states in 2016. The SDGs are a set of 17 goals and 169 targets aimed at ending poverty, protecting the planet, and ensuring prosperity for all. Pakistan has since made progress towards achieving these goals, but there is still much work to be done.

The government of Pakistan is committed to implementing policies and programs aimed at achieving the SDGs by 2030 and has encouraged private sector engagement to help drive the process. PSX contributed to this development by initiating work by reaching out to UNDP to develop a minimum reporting framework for listed companies in 2018. This framework for voluntary reporting focused on 6 prioritized UNSDGs for the listed companies. In 2020, these guidelines were released for voluntary reporting on 32 indicators of goals 5, 6, 7, 8, 9, 12.



Being the frontline regulator, Pakistan Stock Exchange stands to advocate and encourage listed companies on SDGs. We started the journey on Sustainability with our focus on SDGs which has, over time, evolved into sustainability reporting. It is imperative upon PSX, as a self-listed company, to lead by example by mainstreaming sustainability.



**Raeda Latif**  
Chief Marketing & Business Development Officer



### Key Highlights

- PSX launched New Trading & Surveillance System (NTS) - May 23
- Taskforce Formation - FY 22
- PSX Joins Sustainable Stock Exchanges Initiative (SSEI) - June 22
- ESG Roundtable for Banking, Textile, & Automobile - FY 22-23
- Rs. 1824 Million Direct Economic Value Generated - FY 23
- Approx. 200 Investor Education Sessions and events in 2023

### PSX Becomes a Signatory of Sustainable Stock Exchanges Initiative

The Pakistan Stock Exchange (PSX) became a signatory of the United Nations Sustainable Stock Exchanges (SSE) initiative in 2022. The SSE Initiative is a partnership between the UN, stock exchanges, investors, companies, and regulators aimed at promoting sustainable and transparent capital markets. As a signatory, PSX has committed to promoting sustainability in its operations, encouraging listed companies to disclose sustainability information, and providing investors with access to sustainability-focused investment products. We have also worked to develop sustainability reporting standards and guidelines for listed companies and hosted a number of events and workshops aimed at promoting integration of sustainable business practices encompassing a number of selected factors related to Environmental, Social and Governance (ESG). This includes setting up of a dedicated ESG taskforce to bring together various stakeholders on mainstreaming sustainability within their core business practices.

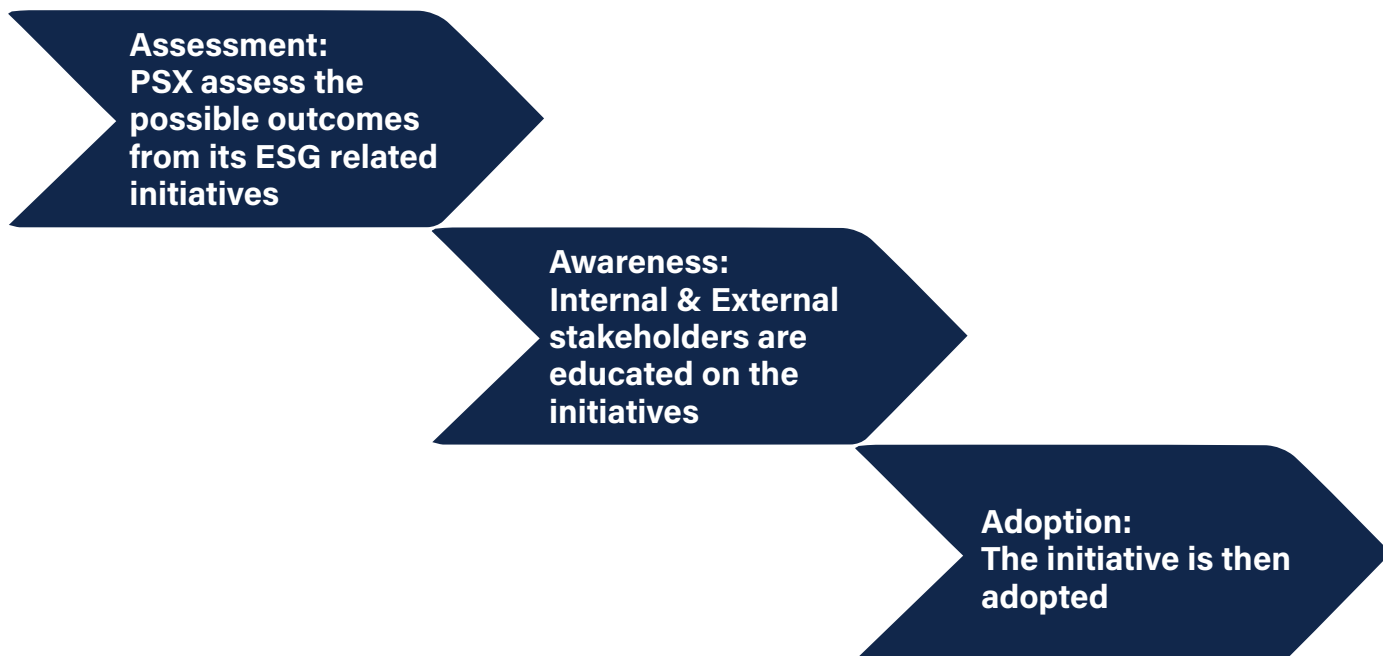
The importance of ESG factors is undeniably recognized among investors and other stakeholders. It is in the best interest of corporates to have a truly sustainable business model. PSX is committed to promoting sustainability by guiding companies and empowering investors with reliable data and products for informed decision-making.



**Hassan Raza**  
Regional Head & Chief Product Officer

## Setting up of a Dedicated ESG Taskforce

The ESG Task force is an initiative led by the Chairperson and co-founded by Pakistan Stock Exchange and the Pakistan Institute of Corporate Governance (PICG) under an MoU. The objective of the Task Force formed is to develop and launch a coherent, systematic and realistic framework backed by regulations and tools, instruments and incentives to encourage companies and financial institutions to voluntarily adopt sustainability standards and guidelines



## Prime responsibility of ESG Task Force



## Roundtables on ESG with Three Major Sectors of Pakistan

Pakistan Stock Exchange has targeted to bring multiple sectors onboard to start implementing ESG practices and reporting of ESG performance. To initiate working on this target, PSX organized sessions with three different sectors that are Banking, Textile, and Automobile back-to-back to promote / advocate and assess ESG practices in these three mega scale sectors of Pakistan.

Following is a deep dive into the sessions that were organized on ESG Practices and Reporting for Banking, Textile, and Automobile:

### Textile Sector:

The Taskforce roundtable on ESG for Textile sector was held on 17<sup>th</sup> Feb 2022, representatives from industries such as Gul Ahmed, Gadoon, Interloop, Nishat Group of Companies, and Sapphire. Industries highlighted their challenges and concerns related to resource management, business continuity planning and how all ESG related aspects are catered and impacts managed. Textile sector is one of the leading sectors in terms of ESG in Pakistan as they have multiple engagements with internal and external stakeholders such as Brands, Investors, Export Partners etc., that require these production organizations to align their performance with the global standards and guidelines on Environmental, Social and Governance.

banking giants in Pakistan that would result in providing relevant feedback in devising ESG guidelines for all bank related activities and ESG reporting of maximum entities in Banking Sector.



### Banking Sector:

The Taskforce roundtable on ESG for Banking sector was held on 21<sup>st</sup> July 2022, nearly all major Banks of Pakistan participated in it and presented their approach and concerns regarding ESG. Banks like NBP, UBL, MCB, Allied Bank, JSBL, Alfalah, Meezan, VIS, and Al Habib were participants in this session and among them HBL, UBL, MCB, Allied Bank, and JS bank presented their performance and consideration of ESG standards and other relevant guidelines such as Green Banking Office. This session was considered an agglomeration of all

### Automobile Sector:

The Taskforce roundtable on ESG for Automobile sector was held on 4<sup>th</sup> Oct 2022, with representatives participating from production units of Ghandhara Nissan, Indus Motors, Millat Tractors, Pak Suzuki Motors, Atlas Honda, Honda Atlas Cars. The Automobile industry is planning to transition towards completely adapting the ESG frameworks to achieve sustainable operations. However, this might be a challenge for these production units as they need to cater all of their activities that complement their ESG performance related factors. The automobile industry needs to align its ESG standards with the international standards to achieve some valuable results.



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## **Towards New Technology & Automation:**

### **New Trading & Surveillance System (NTS):**

On 15th May 2023, PSX achieved a major milestone by launching New Trading and Surveillance System. Implementation of new system is the largest project in PSX's history with many moving pieces and stakeholders, replacing 2 decades old trading system (OTS) technology, and enabling Pakistan's Capital Market to get at-par with the leading markets of the world. SZSE's NTS has an astonishing safe-operation record of 20 years without trading interruption in Shenzhen Stock Exchange.

In 2019, PSX signed contract with Shenzhen Stock Exchange (SZSE) for the best-in-class new Trading and Surveillance System, to place itself amongst the best stock exchanges of the world, and to facilitate and assist PSX in keeping up with the progress of the Pakistan securities market for the next decade with provisions for future growth.

NTS platform provides features for new products/services prevalent in developed international capital markets, adopting widely accepted standards and protocols. Several advancements, such as support for multiple trading markets, multiple types of instruments including equities, fixed income, ETFs, futures and options, automated derivatives life cycle management, integrated market control functions, flexible market data products, multiple frequently-used order types, multiple trading mechanisms including call auction and continuous auction and real time integration with NCCPL are expected to enhance the technical & business capabilities of all market participants.

By Implementing NTS, PSX has acquired the safest and one of the most advanced securities trading systems with low cost of ownership. NTS provides utmost reliability, high availability, superior performance and low latency along with strong scalability & Security. Over last few years, PSX's IT infrastructure has been strengthened, in terms of faster network connectivity and greater processing power, to support new Trading System implementation and to bring the technological and operational capabilities of PSX at par with other stock exchanges of the world.

NTS is configured for processing 2,000 orders/s and 4,000,000 orders/day with a latency of only 2 milliseconds. The system is scalable and by simply adding more servers the capacity can be enhanced to 200,000 orders/s, 400 million orders/day, if required. The system also provides an automatic failover completed within 10 seconds and a local disaster recovery switching time within 3 minutes. Industry standard FIX gateway have been provided to the market participant to use their own (or third party) order management systems.

The new surveillance system can analyze indicators and identify abnormal trading behaviors, as well as illegitimate

trades such as insider trading, market manipulation, and front running, in a timely and effective manner. The latest version of the surveillance system adopts an open platform and a distributed architecture and is based on high-throughput and low-latency technology. It is supported by a variety of data platforms and uses open-source technologies, with a processing speed of 100,000 trades per second. In terms of capacity, performance, scalability, and application of smart technologies, it has been greatly enhanced, in line with the direction of technological development, and ability to support future market surveillance needs.

### **Risk Management & Information Security**

PSX recognizes the importance of developing a robust strategy and risk management framework for PSX's sustainability journey. PSX integrates risk management in core business activities including key decision-making, operations and processes related to our long-term strategy. The Exchange has continued to commit significant resources to implement, maintain, monitor and regularly upgrade its systems and networks.

### **Risk of Future Initiatives**

PSX has undertaken several initiatives in the past and proudly continues to do so with a view to enhancing retail and institutional investment participation including enabling of derivative products for trading.

Factors that may have an effect on our business strategy include, among others:

- Our ability to successfully introduce new services and products in a timely manner.
- The general condition of the Pakistani, Asian and global economies, and
- Regulatory considerations.

### **Risk Champion Program**

The Risk Champion Program at PSX begins with the nomination of individuals nominated by each department. These nominated risk champions undergo comprehensive training on the organization's risk management policies, frameworks, and tools. Once trained, they are mandated to actively participate in risk management activities, promote risk awareness, and monitor the effectiveness of risk mitigation measures within their respective departments. This program aims to distribute risk management responsibilities, foster a culture of risk ownership, and strengthen the overall risk management framework of PSX. Currently, PSX has risk champions in each department, who are trained for managing the risk registers of their respective departments.





### Cyber Security Threats

An awareness session on “Cyber Security Threats” was conducted for TREC holders jointly with NCCPL, CDC and PMEX to create awareness on the preventive measures to manage any cyber security threat.

### BCMS & ISMS

PSX organized a three day “BCMS Lead Implementer Course” on Implementing Business Continuity Management System (BCMS) as required by ISO 22301:2019 and “ISMS Lead Implementer Course” on Implementing Information Security Management System (ISMS) as required by ISO 27001:2013 for its relevant teams.

### Managing Our Corporate Affairs

At PSX, the Legal and Corporate Affairs department ensures safe operations throughout the year as it regulates & facilitates the efficient conduct of meetings of the Board, relevant Committees, and the General Body on a timely basis; complete necessary filings; and ensure compliance with all legal and regulatory requirements to build trust among PSX’s stakeholders. Besides, the shareholders of PSX are served on various matters related to their shareholding in a timely manner.

The legal department also ensures that PSX’s interests are safeguarded from a legal perspective when it enters business relationships with outsiders or takes any action having legal consequences through the timely provision of legal opinions to the Board, its committee(s), or any department(s) of the Exchange. The legal department manages a significant proportion of the legal work internally (in-house) to save the organization cost.

All legal documents are vetted properly, and suggestions/comments thereon are conveyed to the concerned departments within a reasonable period.

### Business Ethics

PSX is committed to high standards of ethical, moral and legal business conduct. Our success as a Securities

Exchange is based on integrity, honesty and trust in everything we do.

### Privacy of Information

While information is the cornerstone of the Exchange’s ability to provide transparency, a very important aspect is the trust of stakeholders, particularly towards companies listed on the Exchange. Keeping information secure is our top priority. Every Employee is required to safeguard, according to strict standards of security and confidentiality.

### Trading

All Employees are prohibited to do trading in products/instruments listed on the Exchange (excluding the products managed by AMC i.e., Mutual Funds and ETFs), directly or indirectly (via dependents) while under the employment of PSX with adequate checks and balances on their and their families financial and other transactions as per our defined policy.

### Conflict of Interest

The Employees are prohibited to not use his/her position, designation and employment with the Exchange to take undue benefit for him/herself or his/her dependent family members.

### Managing our Regulatory Affairs

The Regulatory Affairs Department (RAD) is responsible for framing and updating the PSX Regulations, devising policies, monitoring compliance, taking enforcement actions against non-compliant securities brokers and listed companies, and ensuring investor education and advocacy. Moreover, it also provides a platform to the investors for lodging their complaints for efficient redressal. The RAD is headed by Chief Regulatory Officer.

During the year 2022-23, major steps were taken in line with international best practices, which aim to promote ease of doing business for market participants, protect interests of investing public, enhance customer base and liquidity and develop capital market, this includes introduction of online only category of brokers, ease of reporting and compliance obligations for brokers, revamping of ‘Sahulat Account Opening Form’, Digital Onboarding’ of customers through centralized gateway portal, issuance of guidance notes on continuous disclosure and reporting obligations for listed companies, enhancement of PUCARS availability time, introduction of comprehensive document on minimum information security standards for brokers, implementation of early warning signs to identify potential vulnerabilities of brokers and introduction of market misconduct regulations pursuant to deployment of new surveillance system.

## Deployment of Automated New Surveillance System:

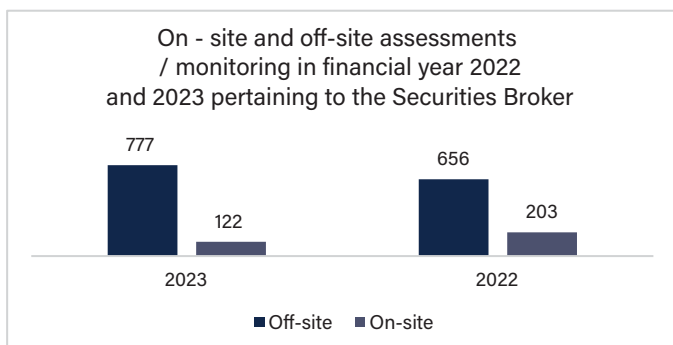
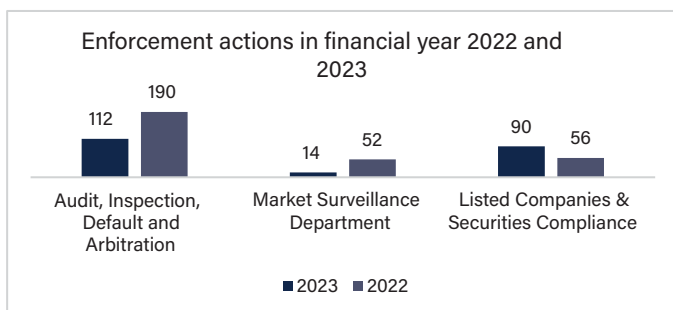
After dedicated efforts and continuous engagements with relevant parties internally as well as externally including Shenzhen Stock Exchange, RAD has ensured successful deployment of much-awaited robust New Surveillance System ('NSS') with effect from the go-live date of New Trading System. The NSS is capable of generating alerts based on real time data and has enhanced the scope of trade level assessments to effectively detect the potential cases of market misconduct.

## Targeted Thematic Reviews in High-Priority Areas:

To enhance regulatory awareness and promote compliance culture among securities brokers, RAD shortlisted high priority areas which directly affects the customer of securities brokers such as transmission of clients' trade confirmation, quarterly account statements, call recordings and charging of minimum brokerage commission etc. In this regard, Thematic Reviews of securities brokers were conducted in those areas and enforcement actions against non-compliant securities brokers were taken.

## Revival of Companies Placed on Defaulters' Segment:

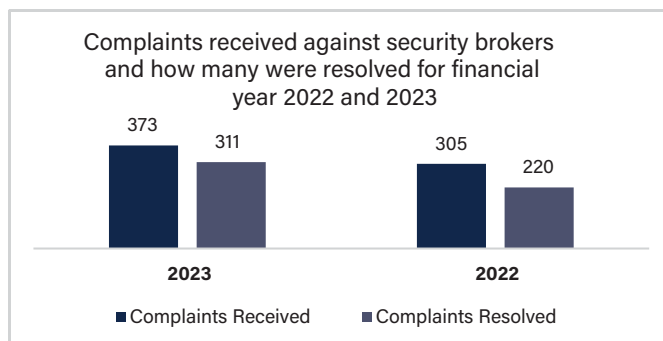
RAD constantly engages with companies placed in the Defaulters' Segment to facilitate them in ensuring regulatory compliances and restore their normal listing and trading status in the larger interests of the shareholders and market. As a result, 13 companies were shifted to Normal Counter during the year, including revival of 05 companies through change of management.



## Investor Education and Regulatory Awareness:

As part of RAD's mandate to safeguard the rights and interest of investors, RAD initiated investor literacy and regulatory awareness drive. In this regard, webinars, sessions, regular notifications, clarifications, interpretations, and investor bulletins were issued from time to time. RAD has ensured creation of dedicated space on PSX website where relevant information is displayed.

## Complaints Received & Resolved:



# Social Responsibility

## Social Responsibility at PSX

At PSX, we believe that our employees are key material drivers to our long-term business success. We are committed to developing and supporting our employees by creating strong connections, building trust and appreciating the impact we make as a whole and as individuals.

We seek to create an inclusive and diverse work culture. We are also engaged in developing and upskilling our employees in order to make them thrive personally and professionally. We actively promote open communication and engagement with our employees in order to ensure that their needs become part and parcel of our present and future policy drivers.



As the Chief HR Officer at PSX, my commitment lies in positioning the Exchange as an Employer of Choice in the market. Embracing diversity and inclusion has been at the core of our mission, fostering a culture where every employee feels valued and empowered enough to bring their authentic selves to work. Our relentless focus of meritocracy has created a thriving and high performing workforce that sets us apart from the rest. I am honored to be a part of this transformative journey and look forward to achieving even greater milestones in the future.

**Sanam Kohati Faiz**  
**Chief Human Resource Officer**





## Diversity, Inclusion & Culture:

PSX is committed to provide a diverse workplace and work environment with equal opportunities and consistent policies for employees of all genders, backgrounds, ethnicities and beliefs such that a diverse work population can thrive and prosper in an encouraging environment.

Policies pertaining to Recruitment and Onboarding, Talent Management, Rewards and Performance Management, Employee Relations, Work Ethics, etc. remain consistent for all employees and provide a fair system for everyone forming a diverse workforce.

Current percentage of female staff within management cadre is 17% with a target of increasing the same in upcoming years. There is 23% women representation in Management Committee, consisting of HoDs and CEO. Along with that, we have 20% women representation in Board which is steered and chaired by a woman. We are also a signatory to WEPs (Women's Empowerment Principles) which is a UN Women charter by virtue of which PSX commits to uphold and make efforts for gender empowerment, equality and support.

Culture building sessions are regularly organized at PSX known as 'Success Through Synergy' in collaboration with expert consultants in the local market. The program included various team bonding and culture building exercises which helped in nurturing cohesiveness and the overall culture of the organization.

### PSX Celebrates International Women's Day 2023

On March 8, 2023 Pakistan Stock Exchange (PSX), in collaboration with UN Women, International Finance Corporation (IFC), Pakistan Institute of Corporate Governance (PICG) and Women on Board (WOB), celebrated International Women's Day 2023 at the Trading Hall of the Exchange. The event was held under the auspices of International Finance Corporation (IFC), Sustainable Stock Exchanges (SSE) Initiative, UN Women, and World Federation of Exchanges (WFE). The theme for this year's event was 'DigitALL-Innovation & Technology for Gender Equality'.



Distinguished women leaders and professionals from the tech sector, as well as eminent women entrepreneurs, innovators, and women corporate leaders participated in the celebration. This year's celebrations included ringing the bell, panel discussions and speeches by distinguished women leaders in the tech, corporate & entrepreneurial sectors and by men advocating gender equality & inclusivity. PSX joined more than 110 exchanges all over the world to mark this important day this year.

## Employment

### Talent Acquisition

PSX sources the talent entirely on merit through various sourcing channels that include advertisement, head hunting and universities job portals.



## Equal Opportunity

We are an equal opportunity employer without any discrimination and have kept our focus on building and promoting PSX as a preferred brand in the market. Recruitment drives in top tier universities are conducted annually. Diverse batch of fresh graduates and interns are handpicked through recruitment drives to nurture and strengthen our talent pipeline. We have attracted a great talent pool and we are keen on making this even better in the coming years.



Additionally, for the fresh recruits, Mentorship/ Buddy Program is running as a regular feature which helps our new recruits in their initial days and provides them with coaching for personal growth as well as their self-development.

## Fair Employment Practices

PSX believes that diversity in our staff is critical to our success as a leading financial institution, and we seek to recruit, develop, and retain the most talented people from a diverse candidate pool. Every Employee can advance at PSX, based on his/her talent and performance and without regard for race, origin, gender, or religion. We are fully committed to equal employment opportunity and compliance in letter and spirit of the full range of fair employment practices and nondiscrimination laws. PSX does not tolerate discrimination of any kind against any employee or applicant for employment, for any prescribed reason.

## Learning & Development

At PSX, we consider our employees as our biggest asset, and we strongly believe in continuously grooming and developing them both at the personal and professional levels. A learning and development strategy is fruitful for

sustainable growth and long-term success. In addition to this, to highlight the importance of a healthy work environment and collaborative culture, PSX worked with one of the leading training companies on leadership, teamwork and culture building workshops.



A quarterly three days Orientation Program on Capital Market to our new hires is one of the regular key features where, along with our core business areas, SECP, CDC and NCCPL also participate and share their overall working and its linkage with Capital Market growth. Moreover, the Exchange is rigorously following UNDP's Sustainable Development Goals (SDG) initiatives and taking impactful steps to achieve success.

## Succession Plan

A complete and robust succession plan has been devised for all positions including the senior management and same has been approved by the Board. This has provided thorough career planning to the high potential staff and has brought in cross functional synergies.

## Partners in Progress

In line with the employee development initiatives, this program offers our new joiners as well as our high potential staff to get an opportunity to indulge themselves in a meaningful dialogue with the CEO on future growth of the Exchange, general outlook of the capital market and the opportunities and challenges therein.

## Capital Market Future Leaders Program

The Capital Market Future Leaders Program is PSX's brainchild to build a robust talent and future leaders pipeline to cater to the growing needs of Pakistan's Capital Market. It is a joint initiative of PSX, CDC and NCCPL. It is a management trainee program of 18 months with equal rotations in the three organizations, leading to permanent placements. The trainees are undergoing equal rotations for a period of 06 months within each organization. After a thorough and transparent recruitment process, the first batch of CMFLP was on boarded with a total of 18 trainees in September 2022.



## Investor Education

The Marketing and Business development team regularly held investor education sessions for students and faculty members of various academic institutions as well as for various Chambers of Commerce & Industry, professional bodies and Associations. Nearly 200 sessions, trainings and meetings were held nationwide throughout the financial year 2023.

Online sessions were also held to increase PSX's outreach. Corporate Analyst Briefings were held online or on hybrid basis nationwide. For investor education, the Marketing team went a step further and engaged a professional of the capital markets from a leading university of Pakistan to teach a course titled 'Investing 101: Stock Market for Beginners' through the digital platform for the benefit of (prospective) investors nationwide.

Articles were published for investor education and increasing awareness of market participants. These articles focused on informative and educational topics such as Sahulat Account, Online Account Opening, and Investor Protection. Animated tutorials were also published and promoted for investor education and awareness.

Pakistan Stock Exchange (PSX) conducted an Investor Awareness Session for BBA students of University of Sindh Mirpurkhas Campus and many other educational institutions and colleges nationwide. This exercise was part of the Financial Literacy Initiative of PSX to disseminate information and spread awareness about financial planning, savings & investment, and functioning of the Stock Exchange. The students were informed about the various functions & operations of the Stock Exchange along with the different asset classes of investment available in Pakistan. The importance of listing for capital raising and increasing the visibility & overall image of companies was also explained to the students. Furthermore, the students were guided upon ways of navigating the PSX website and how to access the different types of information available on the PSX Data Portal.

Several initiatives were launched in line with its objectives of disseminating financial literacy and investor awareness. These include:

### Engagement with IFMP and CISI UK

PSX and Institute of Financial Markets of Pakistan (IFMP) signed a Memorandum of Understanding (MoU) with Chartered Institute for Securities & Investment (CISI) UK, marking a collaboration amongst the three organizations for the development of capital market's human resource. PSX and IFMP, under the guidance of SECP, initiated this effort which focuses on training and upgrading the skill-set of human resources engaged in the capital markets. CISI is a globally recognized not-for-profit organization and a professional body for financial services practitioners within the securities and investment industry. IFMP is Pakistan's first securities market institute established as a permanent platform to develop quality human capital for the industry and to create standards for market professionals. This initiative will enable market intermediaries to provide enhanced quality of services to their clients and augment investor confidence.

### Knowledge Portal

It is a comprehensive portal accessible through the PSX website which contains articles, blogs, and financial calculators. This portal is now accessed by a large number of users to raise the level of financial literacy and awareness on the stock market for the novice as well as savvy investors.

## My Portfolio

This is a virtual trading tool accessible through the PSX website which enables users to learn the ropes of investing on the stock market. My Portfolio has achieved remarkable success generating interest from as many as 16000 active users. This virtual tool allows investors to invest in real time using real stock symbols and other data whilst using virtual cash – thereby preempting risk of losing any money. It also enables users to build several portfolios for an enhanced learning experience. This web-based app has been introduced to educational institutes, media journalists and professional institutes through competitions and targeted marketing.

## PSX Glossary

PSX Glossary segment of the PSX website has been introduced which is a collection featuring 375 words and concepts from the financial world to enhance and enable understanding of investment in the stock market. The introduction of a glossary was imperative to explain the diverse financial concepts and investment terminologies for market participants such as investors whether new in the market or savvy investors.

## Stock Market Basics Course

A short course was conducted on stock market basics for investor awareness and education. This course was well-received with 778 participants from the general public attending the course which was held twice in the year.

## PSX Urdu Website

In order to increase the outreach of the capital market to a wider audience, the PSX Urdu website was launched. This was imperative to reach out to the masses and the public at large for whom Urdu is the language of preference.

## Articles in Urdu

Articles on topics related to financial literacy and investor awareness were written and published in Urdu language as well. These were published in various newspapers and publications for the benefit of the general public. These were also placed on PSX website for ready reference.

## Employee Health & Wellbeing

During the pandemic, we closely monitored the situation and remained vigilant throughout the multiple waves of COVID, where we facilitated our staff to work from the safety of their homes for their health and wellbeing. Furthermore, PSX has collaborated with OMI Hospital to arrange 'Health Awareness Sessions' with their highly experienced and renowned doctors on two of the very commonly occurring problems; 'Cardiovascular Disease' led by Dr. Syed Nadeem Rizvi, and on 'Orthopedics' by Dr. Muhammad Raja Shahzad.



PSX has also provided access to its employees for 'Sehat Kahani Corp. App' to facilitate them with online medical consultation. And a session was held to familiarize our staff with this free online 24/7 medical service which can be used by employees and their families (including parents) in case of emergency or for normal consultation.

## Health & Safety

PSX ensures adequate health and safety practices within its operations. These include availability of fire protective and extinguishing equipment at all locations/premises and emergency preparedness exercises along with educational awareness campaigns aimed at enabling our staff to better manage and cope with similar situations in future. We are up to date with the external environment and media reports for new information and updates that would allow us to efficiently mobilize appropriate resources to ensure our

employees' wellbeing and safety. We also maintain a dispensary facility with a doctor & dispenser for all occupants at PSX premises in Karachi.

### Anti-Harassment

PSX prohibits all forms of harassment or intimidation, whether committed by or against a staff member, existing or potential members, investors, vendors, or visitors. In order to enhance awareness regarding this crucial matter, PSX's HR department, in collaboration with the Legal team, has successfully conducted in-house sessions on the subject of 'Workplace Harassment'. These sessions were made obligatory for all employees across various levels, ranging from Senior to Officer positions. We are pleased to share that these sessions have garnered positive feedback and have been greatly appreciated by our employees.

### Compensation & Benefits

All employees are entitled to Life insurance, Health care, Disability and invalidity coverage, Parental leave and Retirement provision. Furthermore, our rewards and remuneration packages are fair and consistent without any gender discrimination.

### Performance Management

PSX adopts pay-for-performance methodology to ensure that rewards are linked to performance and merit. To bring in more objectivity, transparency and efficiency performance is measured through performance management process that has been recently automated for all staff. The Performance Management Process starts with objective settings, self-assessment and then manager's assessment.

### Performance Improvement Plan

PSX introduced Performance Improvement Plan (PIP) for those staff who were not able to meet the expected level of performance in the previous financial year and were rated "Developing Performance - DP" or "Improvement Required Now - IN". The underlying objective of this exercise is to ensure that our low performers are counselled, guided and coached on their shortfalls and how to overcome them.

### Code of Conduct & Business Practices Ethics

PSX is committed to high standards of ethical, moral and legal business conduct. Our success as a Securities Exchange is based on integrity, honesty and trust in everything we do.

### Grievance Management

PSX recognizes that workplace challenges may arise from time to time and have found that the best way of maintaining job satisfaction and good working relationship, is to follow a procedure for solving problems and grievances. For this purpose, we have grievance management system in place which assists in resolving workplace issues and problems.

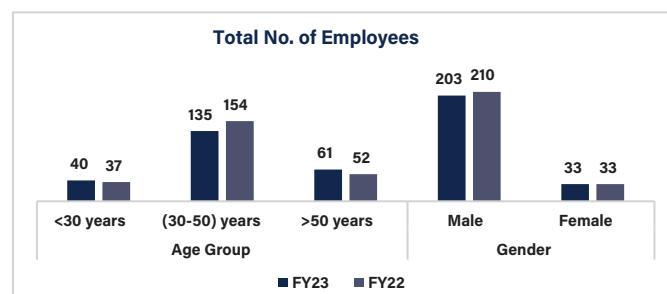
### Whistle blowing

PSX encourages all its employees and external affiliates, shareholders, vendors and investors to act responsibly at all times and protect themselves and the Exchange against any illegal or immoral acts by immediately reporting any such actions.

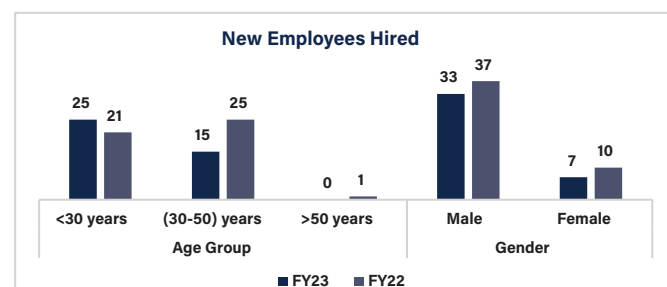
Our commitment to open communication, the whistle blowing program provides an avenue to raise concerns. We encourage all employees at PSX, and outside parties such as Shareholders, Vendors, Investors, etc. to report their concerns against irregularities, financial malpractice, fraud and forgeries, personnel harassment, improper conduct, or any wrongdoing without fear of reprisal, adverse consequences and/or retribution. We assure the whistle blower that they will be protected from victimization. Any serious concerns raised about any aspect of the operations of the Exchange and those who work in the Exchange can be reported through email and physically as well.

In order to ensure a transparent, fair and impartial whistle blowing policy and process, a Whistle Blowing Committee (WBC) is formed with at least 3 members comprising of CEO, Head of Human Resources Department and Head of Internal Audit Department.

### Employee Related Metrics

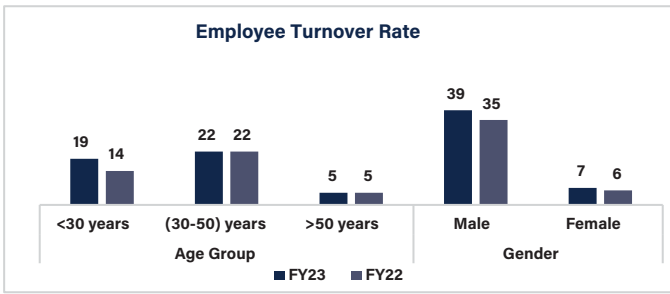


A steady increase in hiring fresh talent is evident.

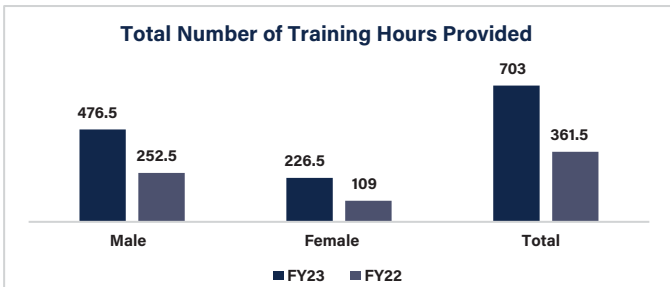


Enhanced focus has been channeled towards hiring younger talent, mainly campus hires, to build the future leadership pipeline.





Continued focus on retaining diverse talent remain a key priority.



L&D remains our key priority and augments our efforts on building a transparent and performance-based culture.

## Corporate Social Responsibility

Corporate Social Responsibility activities focused on SDG activities in terms of contributions for the betterment of the society in spheres of environment, health and education. We have a total budgetary commitment of 2% of the profit before tax.

### PSX Collaboration with Orange Tree Foundation

PSX made significant contribution for the healthcare needs of ailing patients through Patients' Behbud Society for Aga Khan University Hospital. PSX also initiated and carried out a ration drive in collaboration with Orange Tree Foundation. This initiative had the sole purpose of supporting the underprivileged and the needy in the holy month of Ramzan. 94 families were sponsored under this program and were successfully provided sufficient rations during the month of March 2022.

### PSX Supports The Deaf Reach School and Other Activities for Improving the Overall Social Fabric

In terms of educational activity, PSX provided educational support to five children of the Deaf Reach School for a period of one year. The Deaf Reach School is an initiative of Family Educational Services. Pakistan Stock Exchange also sponsored a book named, 'Economy of Modern Sindh' as part of its efforts to increase the literacy on the economy of Sindh amongst the students of universities and the general public. PSX also contributed to the Arts by presenting funds to the Biennale Trust in order to support Pakistani artists and arts performers.

## PSX Launches Hara Bhara Pakistan Campaign

On March 8, 2021 Pakistan Stock Exchange (PSX) held a simple but meaningful event to resolve that it is committed to help make Pakistan green through the PSX Hara Bhara Pakistan campaign to educate people to nurture plants, grow trees and promote greenery. Along with plant giveaways, the launch event at the Exchange compound included planting of trees by CEO PSX Mr. Farrukh H. Khan, PSX senior management and Mr. Aqeel Karim Dhedhi, Chairman Pakistan Stock Brokers Association (PSBA) who was invited to the event by PSX.



# Environment

## Managing our Environmental Footprint

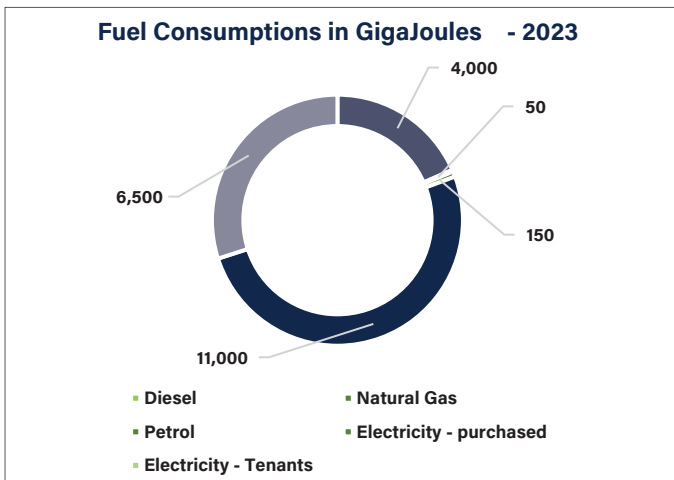
Environmental Management is a significant aspect for every organization as every operation has some form of environmental footprint. PSX has a focused approach on recording its environmental metrics and looks forward to continue this practice in future as well.

### Energy

Energy management is an essential consideration for the operations of PSX, as it has significant impact on both operational costs and environmental sustainability.

We have accounted for our energy consumption in the current financial year i.e. 2023. We have estimated our total energy consumptions in Gigajoules. The fuel type and their calculated energy consumptions are presented in the table / chart below:

Energy type	GJ
Diesel	4,000
Natural Gas	50
Petrol	150
Electricity - purchased	11,000
Electricity - Tenants	6,500
<b>Total - 2023</b>	<b>21,700</b>



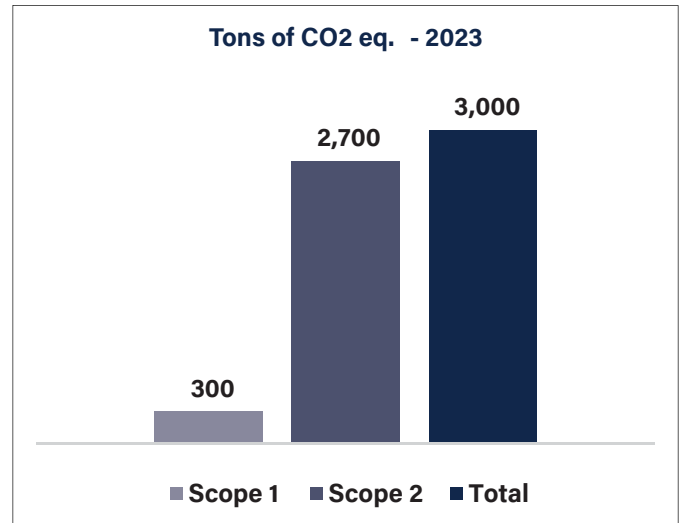
### GHG Emissions (Scope 1 & 2 at PSX)

GHG emissions are significant for organizations of all sizes as it is directly related to climate change. PSX for the first time has attempted to calculate its GHG emissions (tons of CO2 eq.) in FY 2023.

To report on GHG emission, PSX has identified its fuel sources and have categorized its emissions as per the GHG protocol that is Scope 1 for emissions from stationary & mobile combustion and Scope 2 for emissions related to purchased electricity.

We see a great opportunity in reducing our scope 2 emissions by introducing renewable energy share in our total energy consumption going forward.

Tons of CO2 eq.	Scope 1	Scope 2	Total
	300	2,700	3,000

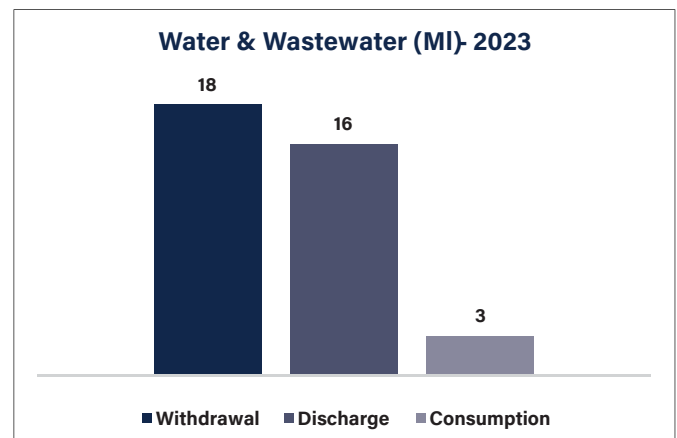


### Water & Wastewater

PSX has managed to record its water consumption along with its wastewater discharge, we plan to create future opportunities to manage our water footprint. We have already routed the water coming from ablation area towards the garden in the premises of PSX to reduce consumption of fresh water for gardening purpose.

### Waste

PSX has targeted to define a waste management system in future having standardized methods for collection, handling, storage, and disposal methods that will ensure reduced environmental impact as each category of waste shall be managed according to the SOPs developed.



## Our Economic Footprint:

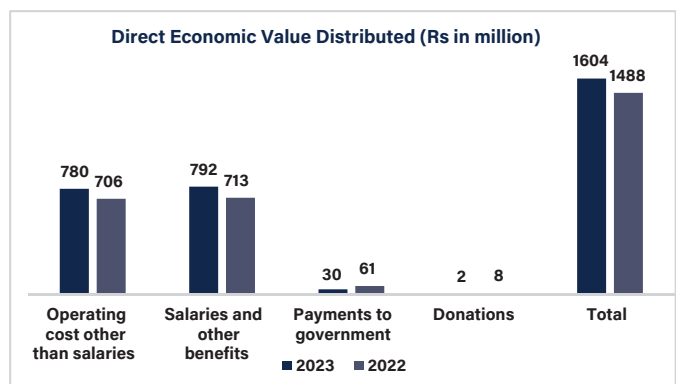
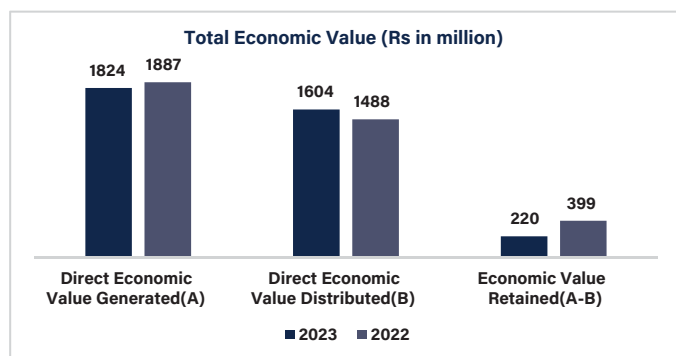
In financial year 2023, PSX traded 28.7 million trades in all markets with zero halts and pauses during the market operations.

Based on the product class, PSX recorded following daily average number of trades in financial year 2023:

Product Class (July 2022 – June 2023)	Daily Average Number of Trades Executed
Equity Shares	93,022.22
Futures	23,543.49
REIT	61.57
Govt. Debt	0.15
Debt ETF	2.89
Equity ETF	17.59
Corporate Debt	1.37

Based on the product class, PSX recorded following daily average volume of trades in financial year 2023:

Product Class	Daily Average Volume Traded
Equity Shares	209,341,870
Futures	79,657,711
REIT	805,261
Govt. Debt	731,707
Debt ETF	351,754
Equity ETF	157,372
Corporate Debt	7,711



## Our Way Forward:

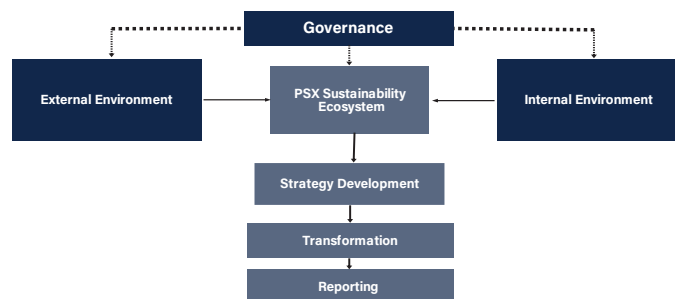
The rapidly evolving sustainability landscape especially post COP 26 has had a great influence on defining and determining a global baseline for businesses to adopt sustainable business practices and navigate through the accompanying challenges of transition and reporting. With the adoption of Corporate Sustainability Reporting Standard (CSRD) by EU and release of European Sustainability Reporting Standards (ESRS) and International Sustainability Standards Board (ISSB) S1 and S2 reporting standards, it is imperative for businesses to adopt business models in line with these standards.

PSX lays great importance on inculcating a strategic perspective of sustainability into its core business strategy, encompassing various transitions required to accommodate and embed environmental, social and governance (ESG) attributes as a priority to drive corporate sustainability.

Our focus remains both on external and internal environments that are shaping global thought process on sustainable development and the intricacies related to systems, processes and controls for mainstreaming sustainability. This means we shall have to develop an organizational ecosystem that is transparent, understandable, accurate and verifiable.

We have to act as a leader in ensuring that our capital markets are transparent, technologically advanced and environmentally and socially sustainable. This shall also imply that we are well positioned to deter and mitigate the risks that may hinder or disrupt our ability to continue our core business operations with adequate adjustments to adapt to our current and future business continuity plans.

We intend to develop and implement a holistic & futuristic sustainability strategy that in present times is absolutely necessary and shall help us grasp and navigate through various associated complexities and challenges. We have also concluded that for a meaningful transformation, we shall require support from our various business partners in addition to our inhouse resources. We have completed the initial base work and conducted an organizational wide self-assessment to benchmark ourselves with global sustainability landscape and help us adopt and transition to a sustainable future ahead.





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# Directors' Report

The Board of Directors of Pakistan Stock Exchange Limited (PSX) are pleased to present the financial statements of PSX for the year ended June 30, 2023.

## Economic Review & Outlook

The Economic Outlook and Review is covered in the Chairperson's review on page 100.

## PSX Financial and Market Performance During the Year

As highlighted in the Economic Review & Outlook section, the challenging macro economic and political environment has negatively impacted the financial performance of PSX. As detailed below, despite the challenging operating environment, PSX has continued to invest in and improve the infrastructure, and introduce new products for both investors and listed companies. We are confident that these initiatives will bear fruit in the coming years for the benefit of all stakeholders of PSX and for the growth of capital markets in Pakistan.

PSX recorded a **pre-tax profit** of PKR 250 million for the year ended June 30, 2023 vs. PKR 460 million for the year ended June 30, 2022, 46% lower than the corresponding year owing to the following reasons:

- Decline in revenue earned from trading activities by Rs 108 million mainly due to lower average daily traded value i.e. PKR 10.1 billion in FY 2022-23 vs PKR 14.9 billion in FY 2021-22
- Decline in performance of the Associated Companies due to prevailing market and economic conditions, which led to a lower share of profit from associates by PKR 34 million.

Management is conscious of the difficult business environment and focused on effective cost management. Consequently, expenses during FY2022-23, excluding depreciation and amortization, increased by only 10.3% over FY 21-22, which is well below the inflation figure of 29.4% and PKR devaluation impact.

PSX delivered a **post-tax profit** of PKR 220 million for the FY22-23, versus PKR 399 million in the FY21-22.

By the nature of business, PSX will always remain dependent on trading volumes. However, concerted effort has been made to minimize the dependence on trading volumes by developing other revenue streams like data vending and a strong focus on listings, while at the same time making efforts to increase the number of investors through introduction of Sahulat accounts, online account opening, 90 days futures and Equity RDAs, amongst others. This effort is starting to show results. Despite a reduction in daily trading volumes by 32% i.e from Rs 14.9 billion/day during FY 21-22 to Rs 10.1 billion/day during FY 22- 23, PSX's operating revenue declined by only 5% YoY.

The company's cash flows also remain strong compared to recent past years.

## Dividend

In view of the payment commitments pertaining to new Trading and Surveillance system (NTS) as well as the current profitability and cash flows, the Directors prudently recommended no cash dividend for the financial year ended June 30, 2023.

## Earnings Per Share (EPS)

The basic and diluted earnings per share is PKR 0.27 for the FY22-23 vs. PKR 0.5 for the FY21-22.

## Market Performance

Particulars	Year Ended	
	June 30, 2023	June 30, 2022
KSE-100 Index	41,453	41,541
Market Capitalization (PKR in billion)	6,369	6,957
Average daily value traded – Ready (PKR in billion)	6.7	10.1
Average daily value traded – Futures (PKR in billion)	3.4	4.7
Average daily volume traded – Ready (million)	213	309
Average daily volume traded – Futures (million)	80	116

### Changes During the Financial Year

The Board of Directors in its meeting held on February 20, 2023 regarding the proposed demerger of PSX's real estate from its operations, authorized PSX to enter into an agreement with PSX Financial Services (Private) Limited (PSX Financial), a wholly owned subsidiary of PSX formed for this purpose, in terms of which, inter alia, the business / undertaking of PSX shall be separated / demerged into 2 (two) separate segments / undertakings i.e. the Demerged Undertaking and the Continuing Undertaking, and simultaneously, the Demerged Undertaking shall be merged, by way of amalgamation, with and into PSX Financial, while the Continuing Undertaking shall be retained by PSX, in consideration of which ordinary shares of PSX Financial shall be allotted and issued to PSX (as a consequence of which PSX Financial shall remain a wholly owned subsidiary of PSX). The said arrangement shall be effectuated and carried out in accordance with the terms of a Scheme of Arrangement prepared under the provisions of Sections 279 to 283 and 285 the Companies Act, 2017, the draft of which has been approved by the PSX Board, subject to finalization of the same by the authorized representatives of PSX, obtaining the approval of the Securities and Exchange Commission of Pakistan (SECP), the approval of the requisite majority of the respective members of the companies (as may be applicable), and the sanction of the Scheme of Arrangement by the High Court of Sindh at Karachi, along with fulfilment of related legal formalities. The Scheme of Arrangement shall be circulated to PSX and the members in due course, subject to directions / order of the High Court of Sindh at Karachi, and in accordance with applicable laws.

### Material Changes and Commitments Affecting Financial Position of PSX

There have been no material changes and commitments affecting the financial position of PSX which have occurred between the end of the financial year to which the financial statements relate to and the date of the report.

### PSX Outlook - Trends and Factors Likely to Affect the Future Development, Performance, and Position of the Company's Business

#### IT Achievements and Initiatives

New Trading System (NTS) implementation is the largest project in PSX's history with many moving pieces and stakeholders, replacing 2 decades old trading system (OTS) technology, and enabling Pakistan's Capital Market to get at-par with the leading markets of the world. With several advancements from OTS, NTS is expected to enhance the technical & business capabilities of all market participants. NTS has been successfully launched on 15th May, 2023.

From January 2023 the broker community was mandated to commit all LC submissions via the TRECH Information Management System. THIMS is envisaged to provide the single composite medium for capturing all broker related information (regulatory, financial and otherwise) and generates comprehensive reporting to help the exchange ascertain broker compliance. In terms of compliance handling, THIMS LCS module is geared to handle the latest SECP Amendments to Schedule-III of the Securities Brokers Licensing and Operations Regulations, 2016.

An upgrade was applied to the KiTS OMS to enable Shariah compliant trading via selected brokers for Meezan Bank RDA customers and hence expand the investment avenues through PSX.



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Jade Trading Terminal development (as the name implies) started with the creation of a trading terminal to the Shenzhen Trading System (STSV5) and with time culminated into a full-fledged Order Management System. JTT incorporates all the product features of KATS TWS, allowing the traders an almost identical usability experience as what they have experienced with TWS in the current KATS environment.

An in-house developed JTT Management System (JMS) aids to strengthen the operational monitoring and support capability of the JTT platform. Advanced functional components like the Stop Loss Engine and the Risk Management Gateway add to the multitude of valuable features that enrich JTT as a complete OMS.

Several enhancements and upgrades were carried out to provide high availability, disaster recovery and enhanced security & monitoring of PSX Technology Infrastructure. Some of the major tasks performed by IT Teams included those related to THIMSDB (MySQL) Clustering, PUCARS DR Replication, KITS-DB DR Replication, NTS ORACLE database, NTS Databases Migration of VPN Authentication services from ACS to Forti Authenticator, Deployment of RDS Optical Fiber, Optimization of SolarWinds alert mechanisms, Upgraded Internet bandwidth with DDoS protection and Pro-Active HA and Storage DRS.

PSX Information Technology Department (ITD) has successfully configured to Public PRIDE which is a one-stop solution focused on investors for all information on upcoming public offerings. After implementing the PRIDE system, which automated the listing process for debt and equity issues, Public PRIDE can be accessed at <https://www.psx.com.pk/psx/pride>. It has been developed to keep the investors and general public aware of the investment avenues available in the primary market.

### **Listing Achievements and Activities**

Pakistan Stock Exchange Limited (PSX) successfully listed four (4) new companies having a total listed capital of PKR 8,664 million, namely: Ghani Chemical Industries Limited, Globe Residency REIT, LSE Proptech Limited and LSE Ventures Limited.

Moreover, during the FY 2022-23 Class B Ordinary Shares of Ghani Chemical Industries Limited with paid up capital of PKR 220 million were also listed on the Exchange by way of Right Issue offered to the existing shareholders of a Company.

During the year, PSX approved overall seven (7) listing applications, out of which four (4) companies were successfully listed. Moreover, the Prospectus of one (1) Company was approved by SECP on June 01, 2023 which is also valid for sixty days from the date of approval.

In addition to the above, three (3) listing applications are in process of approval.

Pakistan Stock Exchange Limited successfully listed ten (10) Privately Placed Debt Instruments during FY 2022-23. The debt securities had a combined issue size of PKR 54,173 million. In addition to these, one (1) listing application of Publicly Issued Debt Instrument is in process of approval.

The Exchange listed one (1) ETF, namely HBL Total Treasury Exchange Traded Fund during FY 2022-23 which is tracking HBL Total Treasury Index.

The Exchange successfully listed twelve (12) Open-end Mutual Funds during FY 2022-23. The funds listed during the year constituted a total fund size of PKR 23,982 million.

### **Trading and Investor Developments**

Trading & TREC Affairs team had been in a lead implementation role for the NTS launch and was involved in every aspect of the process; from the formulation of business rules, system testing, TREC Holders engagement and post implementation oversight.

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Pakistan Stock Exchange (PSX) has taken another significant step forward in offering innovative products and investment opportunities to the investors by launching the HBL Total Treasury Exchange Traded Fund (HBLTETF). This is the 7th ETF listed on the Exchange and is a major development expected to attract investors to invest in fixed income Government Debt Securities.

PSX has taken a major step towards facilitating investors, stakeholders, and market participants by launching its first dividend-based fundamental index, the PSX Dividend 20 Index. This index is designed to track the performance of the top 20 dividend-paying companies at PSX ranked (in descending order), with the companies ranked and weighted based on their trailing 12-month dividend yield.

PSX has also introduced a new 'Property' sector for non-REIT real estate-related listed companies taking the count of total sectors supported to 36. The launch of this index is a significant development that is expected to provide investors with a new investment opportunity and enable them to benefit from the growth potential of the real estate and construction sectors in Pakistan.

Other initiatives included Memorandum of Understanding (MoU) with the Chartered Institute for Securities & Investment (CISI) UK, implementation of KYC sharing between banks and brokers, implementing simplified account opening procedures and documentation for Sahulat accounts as well as continued improvements in the Online account opening process and in collaboration with Meezan Bank Limited, launch of a dedicated Shariah-compliant trading platform for Roshan Digital Account (RDA) investors.

#### **Developments in Product Management & Research**

PSX is currently working towards the re-launch of single stock Cash Settled Futures contracts in consultation with market stakeholders. Going forward, PSX will also work towards the launch of the Options market, for which it has already established the broader level regulatory framework. PSX is also working towards streamlining the GDS trading platform.

PSX is in coordination with SECP for the promotion of Islamic Finance. In this regard, PSX has also participated in sponsoring Pakistan's first Islamic Capital Market Conference attended by local and foreign delegates.

PSX is also working towards the promotion of responsible investment in sustainable development and help improve corporate performance on Environmental, Social and Governance (ESG) issues. To improve the understanding and reporting of sustainability in the corporate world, a training program on climate disclosure was conducted jointly by PSX and SSE Initiative in collaboration with International Finance Corporation (IFC). This program aimed to improve the understanding of listed companies on climate disclosure and an overview of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

#### **Marketing and Business Development Initiatives**

The Marketing & Business Development team continued to deliver on its objective to create greater awareness about the opportunities presented by the capital markets for both investors and corporates by carrying out branding activities, investor & industry awareness sessions as well as encouraging new companies to list on PSX. Several other activities were also carried out to promote the Exchange to market participants, stakeholders, investors, issuers and the general public.

It is an honour that Pakistan Stock Exchange won the Best Islamic Stock Award presented by Global Islamic Finance Awards (GIFA) in 2022, for the second consecutive year.

An MoU was signed with Karandaaz to enable funding of listing expenses of prospective issuers on the GEM Board of PSX and another MoU was also signed with ACCA to enhance and augment issuer and investor initiatives and PSX sponsored joint events with ACCA including 16<sup>th</sup> Asia Pacific Thought Leadership Forum.



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The MBD team continued to develop the 'Knowledge Center' which currently has a large number of users. New calculators, one new online course module, and blog content were also introduced in the Knowledge Center. 'My Portfolio', a virtual trading tool of PSX has witnessed remarkable success having over 16000 active users. This web-based app has been introduced to educational institutes, media journalists and professional institutes such as ICMA Pakistan and others through competitions and targeted marketing.

The PSX Urdu website was launched for those viewers who prefer browsing in Urdu. This was a significant and important development for Pakistan's capital market as it enables PSX to reach out to the general public and the masses whose language of preference is Urdu. The PSX Glossary segment on the website was introduced which is a collection featuring 375 words and concepts from the financial world to enhance and enable understanding of investment in the stock market.

A short course was also conducted on stock market basics. This course, spanning a duration of 6 months, was conducted twice in the year, where a total of 778 participants took part in this activity. To promote ESG and its understanding in the corporate world at large and for listed companies in particular, two webinars of significance were held on 'Sustainability Reporting & its Importance' and 'ESG Metrics & ESG Reporting Challenges'.

### **Risk Management & Information Security**

During the year, the Risk Management Department took an integrated and comprehensive approach to assess the risks associated with the New Trading & Surveillance System (NTSS) project. By engaging all relevant departments, a thorough risk assessment was conducted to identify potential risks. Subsequently, these risks were closely monitored and tracked throughout the project's lifecycle. Effective communication channels were established to keep management and stakeholders informed about the identified risks and their potential impact. This proactive risk management exercise ensured that all stakeholders were well-informed of the risk posture at every stage of the project, facilitating informed decision-making and risk mitigation efforts. Moreover, the department coordinated with our PSX Risk Champions to reassess and update relevant enterprise risk registers.

The Information Security team played a pivotal role during the year to further enhance the security posture of the Exchange. It conducted security assessment of NTSS and in-house built Jade Trading Terminal. Moreover, a Cyber Security Awareness Session for our TRE Certificate Holders/Security Brokers was also conducted jointly by information security teams of Pakistan Stock Exchange (PSX), National Clearing Company of Pakistan Limited (NCCPL), Central Depository Company (CDC) and Pakistan Mercantile Exchange Limited (PMEX) to increase awareness and foster a security-conscious culture within the Capital Market.

PSX also ensured delivery of information security trainings to all its newly on boarded employees through its Learning Management System. These trainings were mainly focused on general privacy, password protection, email security, internet security, social engineering, phishing, business continuity planning, etc. Moreover, constant communication on better security practices was ensured for all PSX staff. In addition, business continuity drill was also successfully conducted which confirmed the ability of the exchange to continue its critical operations from its alternate processing site. PSX also successfully updated the Business Continuity Management (BCMS) certification of its Head Office to the latest international standard i.e. ISO 22301:2019 during the year.

### **Risk of Broad Market Trends and Macroeconomic Factors**

PSX is the only stock exchange of the country. The business, financial condition and results of operations of PSX are highly dependent upon the volume of financial assets traded, the number of listed securities, the number of new listings and subsequent issuances, liquidity and similar factors. A significant portion of PSX's revenue depends, either directly or indirectly, on trading and listing based fees.

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Like any reputable stock exchange of a country, PSX also depends upon the relative attractiveness of the financial assets traded on the exchange, and the relative attractiveness of the exchange as a market on which to trade these financial assets. All of these variables are primarily influenced by economic, political and market conditions in Pakistan as well as, to a lesser degree, the rest of Asia, the United States, Europe and elsewhere in the world that are beyond PSX's control. While volatile markets may generate increased transaction volumes, prolonged weak economic conditions may materially and adversely affect listing and trading volumes.

Other factors that may materially adversely affect our business, financial condition and results of operations and are beyond our control include:

- Broad trends in business and finance, including industry-specific circumstances, capital market trends and the mergers and acquisitions environment;
- Social and civil unrest, terrorism and war;
- Concerns over inflation and the level of institutional or retail confidence;
- Changes in government monetary policy and foreign currency exchange rates;
- The availability of short-term and long-term funding and capital;
- The availability of alternative investment opportunities;
- Changes and volatility in the prices of securities;
- Changes in tax policy (including transaction tax) and tax treaties between Pakistani and other countries;
- The level and volatility of interest rates;
- Legislative and regulatory changes, including the potential for regulatory arbitrage among regulated and unregulated markets if significant policy differences emerge among markets;
- The perceived attractiveness, or lack of attractiveness, of Pakistani capital markets; and
- Unforeseen market closures or other disruptions in trading.

If levels of activity of PSX are materially adversely affected by any of the factors described above or other factors beyond its control, our business, financial condition and results of operations could also be materially adversely affected.

### **Risk of Future Initiatives**

PSX has undertaken several initiatives in the past and proudly continues to do so with a view to enhancing retail and institutional investment participation and increasing the amount of trading in derivative products. Factors that may have an effect on our business strategy include, among others:

- Our ability to successfully introduce new services and products in a timely manner;
- The general condition of the Pakistani, Asian and global economies;
- Our ability to successfully introduce new services and products; and
- Regulatory restrictions.

Many of these factors are beyond our control. As a result, there can be no assurance that we will be successful in implementing our current and future strategic plans and any failure to do so may have a material adverse effect on our prospects and future financial condition and results of operations.

### **Risk of Market Fluctuations**

As PSX's total revenue is dependent in part on equities, a historically volatile asset class, as well as on a number of external factors, such as trading activity and price levels in our markets, our total revenue and profitability may fluctuate from one period to another. If our total revenue falls below expectations or cannot be increased to match increased expenses, our business, financial condition and results of operations for a given period may be materially adversely affected.



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### **Risk of Interest Rate Variation**

We are exposed to the effects of fluctuations in the prevailing levels of market interest rates, which impact trading volumes, investment flows in the stock market and cash flows. Thus changes in interest rates may materially adversely affect our financial position and value of our investments and the return on them. Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond our control.

### **Regulatory Risk**

PSX operates in a highly regulated industry and is subject to extensive regulation. PSX is licensed and regulated by the Securities and Exchange Commission of Pakistan [Commission] who has broader powers. PSX exercises by way of its regulations, rules and bye-laws certain regulatory functions, including monitoring of compliance of certain securities laws by entities listed on our platform and the TREC holders as well. Additionally, PSX as a frontline regulator is also empowered to propose regulatory amendments, promulgate regulations and take disciplinary actions.

Any increase in the levels of monitoring that we are required to perform, including on account of regulatory changes, may impose or result in increased or excessive regulatory burden on and compliance costs for us.

PSX may also expect increased operational costs or sustain losses or financial consequences, if any;

- recognition by overseas regulators is required,
- contracts must be renegotiated,
- Contract terms must be altered as a result of new or newly applied laws, regulations or court decisions whether due to the extraterritorial effect of overseas regulations or otherwise,

### **Risk of Changes in Government Policies**

Trading volumes on our markets could be affected by changes in:

- Policies of the Government of Pakistan,
- Tax law or policy,
- Regulatory changes regarding foreign portfolio investors,
- Other regulations or policies that affect PSX businesses, including its listed companies, such as changes that make offerings of Pakistani securities outside Pakistan easier,
- The ability of investors to freely trade on our exchanges,
- The taxation or repatriation of profits from such trading,
- The manner in which securities are traded, cleared and settled on our exchanges and clearing corporation.

The above may have a material adverse effect on our business, financial condition, results of operations and prospects.

### **Board of Directors**

During the financial year 2022-23, no change occurred on the Board of Directors of PSX. As at the end of financial year, the Board of Directors of PSX consisted of eleven (11) Directors which included:

Male Directors 9  
Female Directors 2

Moreover, the composition of the Board was as follows:

#### **Shareholder Directors (Non-Executive)**

- |                                 |                       |
|---------------------------------|-----------------------|
| (i) Mr. Ahmed Chinoy, H.I, S.I  | (ii) Mr. You Hang     |
| (iii) Dr. FU Hao                | (iv) Ms. Yu Huali     |
| (v) Mr. Jiang Ketao             | (vi) Mr. Nadeem Naqvi |
| (vii) Mr. Zubair Razzak Palwala |                       |



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### **Independent Directors (Non-Executive)**

- (i) Dr. Shamshad Akhtar
- (ii) Mr. Javed Kureishi
- (iii) Mr. Mohammad Salahuddin Manzoor

### **Chief Executive Officer (Executive)**

- (i) Mr. Farrukh H. Khan

During the financial year, 9 meetings of the Board (7 scheduled and 2 emergent) were held, for which the Directors' attendance is enclosed as Annexure I to this report.

### **Board Committees**

In compliance with the 'Plan for Segregation of Commercial and Regulatory Functions of Stock Exchanges', approved by SECP, the Securities Exchanges (Licensing and Operations) Regulations, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and in order to meet the specific requirements of the business of PSX as a frontline regulator and a commercial entity, the Board has constituted a number of committees out of which, the main statutory committees are Audit Committee, Human Resources & Remuneration Committee, Nomination Committee and Regulatory Affairs Committee. The attendance of members at the meetings of said Committees is enclosed as Annexure II to the Directors' Report.

### **Auditors**

The present auditors, M/s. Grant Thornton Anjum Rahman, Chartered Accountants, shall stand retired as on the date of Annual General Meeting and being eligible, have offered themselves for re-appointment.

The Board, on the recommendation of Audit Committee, further recommends to the shareholders to re-appoint M/s. Grant Thornton Anjum Rahman, Chartered Accountants, as statutory auditors of the Exchange for the financial year ending on June 30, 2024.

### **Revised Content of the Independent Auditor's Report**

There has been no change in the International Auditing and Assurance Standards Board (IAASB) set of auditing standards dealing with the auditors reporting requirements adopted by the SECP in its regulations on auditors reporting obligations issued in April 2018.

### **Corporate Governance**

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

The Board is pleased to apprise that PSX has adopted the best corporate governance practices and complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, as fully explained in the Statement of Compliance annexed to the Annual Report.



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## **Board Performance Evaluation**

The Board of PSX ensures that a formal and effective mechanism is in place for the annual performance evaluation of the Board, its Committees and Individual Directors. As per the decision of the Board, the performance evaluation is carried out internally for each year, and the same is facilitated through an external evaluator at least once in every three years, in order to comply with guidelines of SECP issued in this regard. During the financial year, the performance evaluation of the Board, its Committees and Individual Directors, including the CEO, was facilitated through an external evaluator M/s. Pakistan Institute of Corporate Governance (PICG), considering its vast experience and comprehensive methodology in offering such services. PICG's board assessment provided an independent assessment of the strengths and capabilities of the Board, its Committees and individual Directors by covering a wide range of performance factors, whereby, the online assessments were customized and delivered by PICG in collaboration with the Corporate L.I.F.E. Centre International Inc., a consulting firm based in North America.

## **Directors' Remuneration**

Each Non-Executive Director of PSX is entitled to sum of PKR 100,000 and PKR 75,000 on account of meeting fees (subject to deduction of applicable tax) respectively for attending each meeting of the Board of Directors and the Board-level Committee(s), of which such Director is a member. In addition to the meeting fees, the Chairperson is entitled to 1800cc Company maintained car, along with driver and 200 liters of fuel per month. Besides, the independent directors of PSX are entitled to honorarium for hearing appeals of PSX's TRE Certificate Holders against the enforcement orders of Chief Regulatory Officer of PSX at PKR 10,000/- per hearing.

For more information on remuneration derived by the Directors and the CEO in FY2022-23, please refer note 31 to the financial statements of PSX, annexed to the Annual Report.

## **Adequacy of Internal Financial Controls and Risk Management**

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

## **Directors' Responsibility in Respect of Adequacy of Internal Financial Controls and Risk Management**

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

Moreover, the Audit Committee constituted by and reporting to the Board, among other matters, is also mandated to ascertain that the internal control systems, including financial and operational controls, with due consideration of the relevant risks for that area, accounting systems for timely and appropriate recording of revenue and expenditure, receipts and payments, as well as assets and liabilities, along with the reporting structure, are adequate and effective. These are also mentioned in detail under the Management Assertions and Description along with the Auditors' Reports thereon as required under Securities Exchanges (Licensing and Operations) Regulations, 2016 annexed in the Annual Report.

## **Environmental Impact**

The business of Exchange has no material negative impact on the environment.

## **Corporate Social Responsibility**

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

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In CSR activities, PSX management & employees collaborated with CDC and contributed food, basic necessities, medical supplies and camps through five different NGOs to the flood relief victims of the unprecedented rainfall and flooding that hit Pakistan between July and August, 2022.

### **Pattern of Shareholding**

The pattern of shareholding of PSX is annexed in the Annual Report.

### **Categories of Shareholding**

The categories of shareholding are annexed in the Annual Report.

### **Acknowledgement**

The Board wishes to express its deep appreciation to all stakeholders of the Exchange for their ongoing commitment and enormous support to PSX, as well as the capital market. The Board places on record its gratitude to the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Federal Board of Revenue and the Ministry of Finance, Revenue & Economic Affairs, Government of Pakistan, for their active collaboration, support and guidance to the Exchange throughout the year.

The Board would also like to thank all the Directors for their guidance and support, and acknowledges and appreciates the contribution and dedication of all staff members of PSX in performing their tasks with diligence and commitment, particularly in the recent unprecedented challenging work environment.

For and on behalf of the Board of Directors



**DR. SHAMSHAD AKHTAR**  
Chairperson



**FARRUKH H. KHAN**  
Chief Executive Officer

Karachi

Dated: September 16, 2023

**Board of Directors - Attendance at Meetings****Annexure I**

Name of Director	Meetings Entitled	Meetings Attended
	From July 01, 2022 to June 30, 2023	
Dr. Shamshad Akhtar (Chairperson)	09	09
Mr. Farrukh H. Khan (CEO)	08	07
Mr. Ahmed Chinoy, H.I, S.I	09	09
Mr. You Hang	09	09
Dr. FU Hao	09	07
Ms. Yu Huali	09	05
Mr. Jiang Ketao	09	09
Mr. Javed Kureishi	09	09
Mr. Mohammad Salahuddin Manzoor	09	09
Mr. Nadeem Naqvi	09	09
Mr. Zubair Razzak Palwala	09	09

Note: Leaves of absence were granted to the Directors who could not attend some of the Board meetings.

**Board of Directors - Attendance at Meetings****Annexure II****Audit Committee**

Name of Committee Member	Meetings Entitled	Meetings Attended
	From July 01, 2022 to June 30, 2023	
Mr. Javed Kureishi (Chairman)	05	05
Mr. Ahmed Chinoy, H.I, S.I	05	05
Mr. You Hang	05	04

**Human Resources & Remuneration Committee**

Name of Committee Member	Meetings Entitled	Meetings Attended
	From July 01, 2022 to June 30, 2023	
Dr. Shamshad Akhtar (Chairperson)	04	04
Mr. You Hang	04	04
Mr. Mohammad Salahuddin Manzoor	04	04
Mr. Zubair Razzak Palwala	04	04
Mr. Farrukh H. Khan	04	03

**Regulatory Affairs Committee**

Name of Committee Member	Meetings Entitled	Meetings Attended
	From July 01, 2022 to June 30, 2023	
Dr. Shamshad Akhtar (Chairperson)	09	09
Mr. Mohammad Salahuddin Manzoor	09	09
Mr. Nadeem Naqvi	09	09

**Notes:**

- Leaves of absence were granted to the committee members, who could not attend some of the meetings.
- No meeting of Nomination Committee was convened during the financial year.
- The compositions of all statutory Board Committees are available at 'Corporate Information' section of the Annual Report.



# Review Report on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019



**Grant Thornton Anjum Rahman**  
1st & 3rd Floor,  
Modern Motors House,  
Beaumont Road,  
Karachi, Pakistan.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF PAKISTAN STOCK EXCHANGE LIMITED  
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

**T +92 21 35672951-56**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan Stock Exchange Limited (the Company) for the year ended 30 June 2023 in accordance with the requirements of Regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

Chartered Accountants  
Karachi:  
Date: 19 September 2023  
UDIN: CR202310093INV7uvJDt



# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended June 30, 2023

Pakistan Stock Exchange Limited (the Exchange) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The Board of Directors of the Exchange (the Board) consisted of eleven (11) directors as on June 30, 2023, as per the following categories:

<b>Category</b>	<b>Number of Directors</b>
Male Directors	09
Female Directors	02

2. The composition of the Board as on June 30, 2023, was as follows:

<b>Category</b>	<b>Names</b>
<b>Independent Directors</b>	(i) Dr. Shamshad Akhtar (Chairperson) (ii) Mr. Javed Kureishi (iii) Mr. Mohammad Salahuddin Manzoor
<b>Other Non-Executive/ Shareholder Directors</b>	(i) Mr. Ahmed Chinoy (ii) Mr. You Hang (iii) Dr. FU Hao (iv) Ms. Yu Huali (v) Mr. Jiang Ketao (vi) Mr. Nadeem Naqvi (vii) Mr. Zubair Razzak Palwala
<b>Executive Director</b>	(i) Mr. Farrukh H. Khan (Chief Executive Officer)

The best practices of corporate governance entail having an optimal number and mix of Board members with core competencies, adequate skills and experience; and the current Board of the Exchange adequately meets the requirements. The fraction (2:3) was not rounded up for appointment of independent directors, to reflect true representation of the shareholders on the Board by having seven (7) shareholder directors, and three (3) independent directors, thereby keeping an overall size of the Board at 10 directors, excluding Chief Executive Officer of the Exchange.

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including the Exchange;
4. The Exchange has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Exchange along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Exchange. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Exchange;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Companies Act) and the Regulations;

7. All meetings of the Board were presided over by the Chairperson. The Board has complied with the requirements of the Companies Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors, in accordance with the Companies Act and the Regulations;
9. As at the end of financial year, 5 out of 11 directors are in possession of the prescribed certification under Directors' Training program (DTP). Nevertheless, the Board has encouraged the remaining directors to obtain the said certification within reasonable time period;
10. The Board approves the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment in compliance with relevant requirements of the Regulations. Nevertheless, during the financial year, there was no new appointment of CFO, Head of Internal Audit and the Company Secretary;
11. The CFO and the Chief Executive Officer (CEO) duly endorsed the financial statements before approval of the Board;
12. Pursuant to the provisions of the Regulations, the Board formed committees comprising of members given below, as on June 30, 2023:

**Name of Committee**

**Audit Committee**

**Composition**

- (i) Mr. Javed Kureishi (Chairman)
- (ii) Mr. Ahmed Chinoy (Member)
- (iii) Mr. You Hang (Member)

**Human Resources and Remuneration Committee**

- (i) Dr. Shamshad Akhtar (Chairperson)
- (ii) Mr. You Hang (Member)
- (iii) Mr. Mohammad Salahuddin Manzoor (Member)
- (iv) Mr. Zubair Razzak Palwala (Member)
- (v) Mr. Farrukh H. Khan (Member)

**Nomination Committee**

- (i) Dr. Shamshad Akhtar (Member)
- (ii) Mr. Javed Kureishi (Member)
- (iii) Mr. You Hang (Member)
- (iv) Mr. Zubair Razzak Palwala (Member)

In addition to above, the Board has formed the Regulatory Affairs Committee as required under the Securities Exchanges (Licensing and Operations) Regulations, 2016, the composition of which, as at the end of financial year, was as follows:

**Name of Committee**

**Regulatory Affairs Committee**

**Composition**

- (i) Dr. Shamshad Akhtar (Chairperson)
- (ii) Mr. Mohammad Salahuddin Manzoor (Member)
- (iii) Mr. Nadeem Naqvi (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;



14. The frequency of meetings of the committees held during the financial year, were as follows:

<b>Name of Committee</b>	<b>Number of Meetings</b>
Audit Committee	5
Human Resources and Remuneration Committee	4
Nomination Committee	-
Regulatory Affairs Committee	9

15. The Board has set up an effective internal audit function through a combination of internal resources and outsourced expertise procured from KPMG Taseer Hadi & Co. Internal Auditors are considered suitably qualified and experienced for the purpose and are conversant with policies and procedures of the Exchange. The internal resources are engaged in internal audit function on a full time basis;
16. The statutory auditors of the Exchange have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Directors of the Exchange;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

On behalf of the Board of Directors



**DR. SHAMSHAD AKHTAR**  
Chairperson of the Board

Karachi

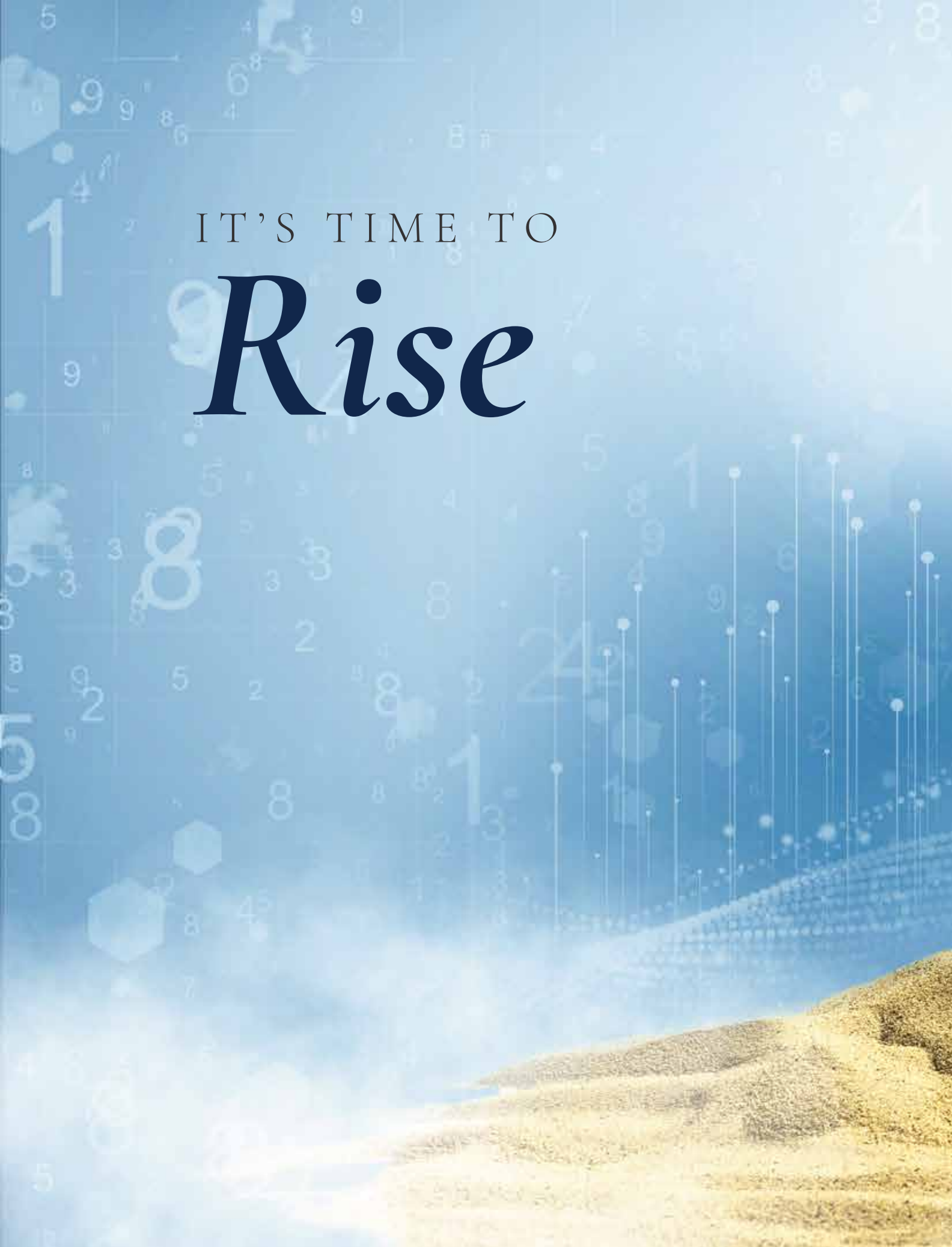
Dated: September 16, 2023



**FARRUKH H. KHAN**  
Chief Executive Officer

IT'S TIME TO

# *Rise*





# *Unconsolidated Financial Statements*

# Independent Auditor's Report on the Unconsolidated Financial Statements



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**Grant Thornton Anjum  
Rahman**

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Modern Motors House,  
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Karachi, Pakistan.

T +92 21 35672951-56

**INDEPENDENT AUDITOR'S REPORT****To the members of Pakistan Stock Exchange Limited  
Report on the Audit of Unconsolidated Financial Statements****Opinion**

We have audited the annexed unconsolidated financial statements of Pakistan Stock Exchange Limited (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to the contents of note 23 to the unconsolidated financial statements in respect of contingencies. The ultimate outcome of the matters referred therein cannot be presently be determined with certainty and hence, no provision for any liability that may arise from such matters has been made in the unconsolidated financial statements. Our opinion is not modified in respect of this matter.



### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
<b>IT Systems and controls over revenue recognition</b>	
<p>During the year, the Company used automated securities trading system (known as KATS) for trading transactions on a real time basis. However, with effect from 15 May 2023, KATS was replaced by a new trading system known as NTS.</p> <p>The trading fees generated from the transactions processed are the key drivers of the Company's revenue. Therefore, the revenue recognition of these fees rely on the KATS / NTS trading data processing which involves automated controls, system generated information and system interfaces, which are underpinned by the design and operating effectiveness of the IT general controls over the key IT systems and the automated application controls over the processes.</p> <p>Due to the significance of the impacts of the IT systems and controls over revenue process, we have identified this as a key audit matter.</p>	<p>Our audit procedures among others included:</p> <ul style="list-style-type: none"> <li>▪ we obtained a front-to-end understanding of the revenue recognition and reporting processes and identified the automated controls and the corresponding key IT systems that support the processes.</li> <li>▪ we assessed the IT controls environment, reviewed the IT governance framework and tested the IT general controls of the key IT application that support the revenue recognition and reporting to evaluate whether the system dependent controls and information could be relied on throughout the period.</li> <li>▪ we tested the identified automated application controls, which are critical to the revenue recognition processes.</li> </ul>

### Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.



### **Responsibilities of Management and Board of Directors for the unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Khurram Jameel**.

Chartered Accountants  
Karachi  
Date: 19 September 2023  
UDIN: AR202310093UjuS0aZPd



# Pakistan Stock Exchange Limited

## Unconsolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	4,344,561	4,495,825
Intangible assets	7	896,613	799,077
Investment property	8	581,733	566,333
Long term investments	9	3,644,421	3,470,024
Long term deposits	10	42,411	42,411
Long term loans	11	20,497	18,082
		9,530,236	9,391,752
<b>CURRENT ASSETS</b>			
Trade debts	12	186,309	118,547
Loans and advances	13	58,095	50,220
Prepayments		23,299	19,074
Other receivables	14	89,714	79,805
Short term investments	15	2,181,645	2,135,286
Taxation – net		609,704	575,559
Cash and bank balances	16	357,280	278,624
		3,506,046	3,257,115
<b>TOTAL ASSETS</b>		<b>13,036,282</b>	<b>12,648,867</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized capital</b>			
	17	10,000,000	10,000,000
<b>Share capital</b>			
Share capital	17	8,014,766	8,014,766
Reserves		1,448,534	1,217,377
Revaluation surplus on property and equipment - net	18	932,862	968,015
		10,396,162	10,200,158
<b>NON-CURRENT LIABILITIES</b>			
Dara F. Dastoor scholarship fund		2,005	2,005
Long term deposits	19	448,673	475,578
Long term payable	20	89,131	235,878
Deferred tax liability	21	64,705	122,437
		604,514	835,898
<b>CURRENT LIABILITIES</b>			
Unclaimed dividend		1,429	1,429
Current portion of long term payable	20	308,469	110,323
Trade and other payables	22	1,725,708	1,501,059
		2,035,606	1,612,811
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,036,282</b>	<b>12,648,867</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson

Pakistan Stock Exchange Limited

# Unconsolidated Statement of Profit or Loss

For the Year Ended June 30, 2023

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>Revenue</b>			
Listing fee	24	713,935	681,851
Income from exchange operations	25	510,152	607,020
Mark-up / interest income	26	175,121	107,282
Rental income from investment property		65,329	57,568
		1,464,537	1,453,721
Operating and administrative expenses	27	(1,574,399)	(1,426,623)
		(109,862)	27,098
<b>Operating (loss) / profit</b>			
Other expenses	28	(101,029)	(61,348)
Share of profit from associates	9.2.1	460,637	494,389
<b>Profit before taxation</b>		249,746	460,139
Taxation	29	(29,957)	(61,426)
		219,789	398,713
<b>Net profit for the year</b>			
		219,789	398,713
----- (Rupees) -----			
Basic and diluted earnings per share	30	0.27	0.50

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson

Pakistan Stock Exchange Limited

# Unconsolidated Statement of Comprehensive Income

For the Year Ended June 30, 2023

	2023	2022
	----- (Rupees in '000) -----	
<b>Net profit for the year</b>	219,789	398,713
<b>Other comprehensive income</b>		
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>		
Surplus on revaluation of property and equipment	-	348,665
Effect of deferred tax	-	(119,062)
	-	229,603
Actuarial loss on employees' gratuity fund		
- Company	(32,608)	(1,487)
- Associates	(17,937)	(12,356)
	(50,545)	(13,843)
Effect of deferred tax		
- Company	10,761	8,437
- Associates	4,677	3,691
	15,438	12,128
	(35,107)	(1,715)
Unrealized gain on revaluation of investments at FVOCI	13,978	3,979
Effect of deferred tax	(2,656)	(756)
	11,322	3,223
<b>Total comprehensive income for the year</b>	<b>196,004</b>	<b>629,824</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson

# Pakistan Stock Exchange Limited

## Unconsolidated Statement of Cash Flows

For the Year Ended June 30, 2023

	2023	2022
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	249,746	460,139
<b>Non-cash adjustments</b>		
Depreciation	178,537	164,121
Amortisation	58,976	50,149
Provision for gratuity	45,708	40,071
Mark-up / interest income	(175,121)	(107,282)
Allowance for ECL	7,500	7,003
Gain on disposal of fixed assets	(878)	(2,524)
Share of profit of associates	(460,637)	(494,389)
	(345,915)	(342,851)
	(96,169)	117,288
<b>Working capital adjustments:</b>		
Trade debts	(75,262)	(10,902)
Loans and advances	(7,875)	(19,971)
Prepayments	(4,225)	(400)
Other receivables	(9,909)	(8,591)
Trade and other payables	191,449	(4,579)
Current portion of long term payable	198,146	(79,908)
	292,324	(124,351)
Income tax paid	(119,178)	(121,075)
Gratuity paid	(45,116)	(37,977)
Mark-up / interest received	170,835	85,669
Long term deposits - net	(26,905)	56,534
Long term loans	(2,415)	(4,198)
Long term payable	(146,747)	149,447
	(169,526)	128,400
<b>Net cash generated from operating activities</b>	26,629	121,337


# Pakistan Stock Exchange Limited

## Unconsolidated Statement of Cash Flows

For the Year Ended June 30, 2023

	2023	2022
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(247,034)	(185,775)
Proceeds from sale of fixed assets	1,797	4,553
Dividend received	288,584	396,679
Proceeds from sale of investments	4,759,904	6,859,609
Investments purchased	(4,751,224)	(7,223,887)
<b>Net cash used in investing activities</b>	52,027	(148,821)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividend paid	-	(156,648)
<b>Net increase / (decrease) in cash and cash equivalents</b>	78,656	(184,132)
Cash and cash equivalents at the beginning of the year	278,624	462,756
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>357,280</u>	<u>278,624</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson


# Pakistan Stock Exchange Limited

## Unconsolidated Statement of Changes in Equity

For the Year Ended June 30, 2023

	Reserves						Total
	Share Capital	Un-appropriated profit	Revaluation surplus on investments at FVOCI	Share of associates	Total	Revaluation surplus on property and equipment	
----- (Rupees in '000) -----							
<b>Balance as at 01 July 2021</b>	8,014,766	992,875	14,355	(52,927)	954,303	761,560	9,730,629
Net profit for the year	-	398,713	-	-	398,713	-	398,713
Other comprehensive income / (loss)	-	6,950	3,223	(8,665)	1,508	-	1,508
Total comprehensive income for the year	-	405,663	3,223	(8,665)	400,221	-	400,221
Dividend for the year ended 30 June 2021 @ 0.2 per share	-	(160,295)	-	-	(160,295)	-	(160,295)
Surplus on revaluation realised during the year - net of tax	-	-	-	-	-	229,603	229,603
Transfer from revaluation surplus on property and equipment incremental depreciation - net of tax	-	23,148	-	-	23,148	(23,148)	-
<b>Balance as at 30 June 2022</b>	<u>8,014,766</u>	<u>1,261,391</u>	<u>17,578</u>	<u>(61,592)</u>	<u>1,217,377</u>	<u>968,015</u>	<u>10,200,158</u>
<b>Net profit for the year</b>	-	219,789	-	-	219,789	-	219,789
<b>Other comprehensive (loss) / income</b>	-	(21,847)	11,322	(13,260)	(23,785)	-	(23,785)
<b>Total comprehensive income for the year</b>	-	197,942	11,322	(13,260)	196,004	-	196,004
Transfer from revaluation surplus on property and equipment incremental depreciation - net of tax	-	35,153	-	-	35,153	(35,153)	-
<b>Balance as at 30 June 2023</b>	<u>8,014,766</u>	<u>1,494,486</u>	<u>28,900</u>	<u>(74,852)</u>	<u>1,448,534</u>	<u>932,862</u>	<u>10,396,162</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson

# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

### 1 LEGAL STATUS AND NATURE OF OPERATIONS

1.1 Pakistan Stock Exchange Limited [the Company or PSX] was incorporated under the Companies Act, 1913 (now Companies Act, 2017) on 10 March 1949 as a Company Limited by Guarantee. However, on 27 August 2012 the Company was re-registered as public company limited by shares under the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act 2012 (XV of 2012). The Company is listed on PSX with effect from 29 June 2017.

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

The registered office of the Company is situated at Stock Exchange Building, Stock Exchange Road, Karachi. Area of land belongs to the Company is 9,408 Sq. yards out of which occupied space by the buildings are 4,050 Sq. yards and open area is 5,358 Sq. yards.

1.2 Shareholders of the Company include the following foreign shareholders:

#### **China Financial Futures Exchange Company Limited**

Legal Status	Limited by Shares
Owners	CFFEX was setup jointly by Shanghai Futures Exchange, Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange, each accounting for 20% of total shares.
Chief Executive Officer	Mr. Huo Ruirong

#### **Shanghai Stock Exchange limited**

Legal Status	Non-profit organization directly governed by the China Securities Regulatory Commission.
Owners	Membership-based exchange
Chief Executive Officer	Mr. Jian Chun Cai

#### **Shenzhen Stock Exchange Limited**

Legal Status	Non-profit organization directly governed by the China Securities Regulatory Commission.
Owners	Membership-based exchange
Chief Executive Officer	Ms. Yan Sha

### 2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:



- 
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.

where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### **3 BASIS OF MEASUREMENT**

**3.1** These financial statements have been prepared under the historical cost convention except as mentioned in note 5.

**3.2** These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

### **4 NEW ACCOUNTING STANDARDS**

#### **4.1 Accounting standards effective for the year**

There are certain new standards and amendments that are mandatory for the Company's accounting period beginning on 01 July 2022, but are considered either to be not relevant or to not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

#### **4.2 Accounting standards not yet effective**

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's accounting periods beginning on / after 01 July 2023. However, the Company expects that these standards will not have any material impact on the future financial statements of the Company.

### **5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **5.1 Operating fixed assets**

Leasehold land is carried at revalued amount less subsequent accumulated impairment losses. Buildings on leasehold land and lift, generators and electric installation are carried at revalued amount, less subsequent accumulated depreciation and accumulated impairment losses. All other fixed assets are carried at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged to statement of profit or loss applying the diminishing balance method over the estimated useful life of respective assets, except for "Computers and related accessories" which are depreciated using straight-line method. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. In respect of additions and disposals of assets, depreciation is charged from the month in which asset is available to use and continue depreciating it until it is derecognised i.e. up to the month preceding the disposal, even if during that period the asset is idle. Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.



# Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

## 5.2 Capital work-in-progress

These are stated at cost less any subsequent accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation.

## 5.3 Surplus on revaluation of property and equipment

Surplus on revaluation is recognised in other comprehensive income as surplus on revaluation of property and equipment which is presented as separate component within equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Cost / revalued amount at the date of the revaluation is adjusted / eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in statement of comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss. However, the decrease is recognised in the statement of other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in the statement of comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in the statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss. The revaluation reserve is not available for distribution to Exchange's shareholders.

## 5.4 Intangible assets

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to income using the straight-line method.

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

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## 5.5 Investment property

Investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss on remeasurement of investment property at fair value is recognized in statement of profit or loss. Fair value is evaluated annually by an independent professional valuer. Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized as income in the period of derecognition.

## 5.6 Long term investments

Investment in subsidiary and associates are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Company's share of the net assets of the investee. The statement of profit or loss reflects the Company's share of the results of the operations of the investee. Where there has been a change recognised in other comprehensive income, the Company recognises its share in its comprehensive income. The Company determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount and its carrying value and recognises the same in the statement of profit or loss.

## 5.7 Financial Instruments

### 5.7.1 Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

### 5.7.2 Classification and subsequent measurement

The Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

#### Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at Fair value through other comprehensive Income (FVOCI) on the basis of both:

- The entity's business model for managing The financial assets
- The contractual cash flow characteristics of the financial asset

# Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## - Debt instruments at FVOCI

These assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment under Expected Credit Loss model. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

## - Equity instruments at FVOCI

Upon initial recognition, the Company elects to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument by instrument basis.

## - Financial assets at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subject to impairment under Expected Credit Loss model.

## Financial liabilities

All financial liabilities of the Company are subsequently measured at amortised cost using effective interest method.

### 5.7.3 De-recognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- a) Transferred substantially all of the risks and rewards of the asset; or
- b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.



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#### **5.7.4 Impairment of financial assets**

Loss allowances for trade debts and other receivables are always measured applying simplified approach at an amount equal to lifetime ECLs.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature.

The default rates are benchmarked and adjusted for forward looking information and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates which is then adjusted for forward looking information.

#### **5.7.5 Offsetting of financial assets and financial liabilities**

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

#### **5.8 Loans, advances and deposits**

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

#### **5.9 Cash and cash equivalents**

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

#### **5.10 Provisions**

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

#### **5.11 Revenue recognition**

- The Company recognises revenue from initial listing and further issues over a period the Company discharges its performance obligation in relation to listing services. The Company recognises revenue from annual listing fee on a straight-line basis over the period to which the fee relates, as this reflects the extent of the Company's progress towards completion of the performance obligation under the contract.

# Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

- Income pertaining to trading by members is recognized at the trade date to which the transaction pertains when the obligation to provide trading services has been fulfilled.
- Income pertaining to non-trading fee and facilities and equipment services are recognized over the period of use as PSX meets its obligation to provide services, which are provided both at a point in time and over a period of time.
- Income from regulatory fee is recognized on accrual basis.
- Income from membership fee is recognized over a period of twelve months on straight line basis.
- Rental income is recognized over a period of twelve months on straight line basis.
- Return on investments and bank balances is recognised on time proportionate basis.

## 5.12 Taxation

### Current

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

### Deferred

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

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

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

## 5.13 Staff retirement benefit

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

## 5.14 Impairment

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

## 5.15 Foreign currency translation

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

## 5.16 Accounting estimates and judgements

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

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

	<b>Notes</b>
- Determination of useful lives of property and equipment and intangible assets	5.1, 5.2, 5.3, 5.4, 6 and 7
- Classification and valuation of investments	5.7.2, 8, 9 and 10
- Valuation of investment property	8
- Provisions and contingencies	5.10 and 23
- Impairment of financial assets (ECL)	5.7.4
- Provision for taxation and deferred tax	5.12
- Provision for gratuity	5.13
- Revenue recognition	5.11

	<b>Note</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
----- (Rupees in '000) -----			
<b>6. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets - tangible	6.1	4,329,943	4,461,822
Capital work-in-progress		14,618	34,003
		<u>4,344,561</u>	<u>4,495,825</u>

# Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 6.1 Operating Fixed Assets – Tangible

	June 30, 2023									
	Revaluation / Cost				Accumulated depreciation			Written Down Value		
As at July 01, 2022	Additions / (Disposals)	Transfer to Investment Property	Revaluation surplus during the year	As at June 30, 2023	Rate / period	As at July 01, 2022	Charge for the year / (deletions)	Transfer to Investment Property	As at June 30, 2023	As at June 30, 2023
----- (Rupees in '000) -----										
Leasehold land	2,724,387	-	-	2,724,387	99 years	-	-	-	-	2,724,387
Building on leasehold land	1,594,169	20,976	(18,390)	1,596,755	5%	191,630	71,052	(2,990)	259,692	1,337,063
Lift, generators and electric installation	109,652	2,237	-	111,889	25%	45,136	16,473	-	61,609	50,280
Furniture and fixtures	20,758	2,912	-	23,670	20%	13,520	1,970	-	15,490	8,180
Office equipment	126,638	8,581	-	133,442	20%	86,715	9,373	-	94,627	38,815
Computers and related accessories	7,42,667	17,066	(1,777)	756,323	20% & 33.33%	529,262	77,584	-	603,718	152,605
Vehicles	20,506	11,204	(560)	31,150	20%	10,692	2,085	-	12,537	18,613
	5,338,777	62,976	(18,390)	5,377,616		876,955	178,537	(2,990)	1,047,673	4,329,943
		(5,747)					(4,829)			

June 30, 2022

	Revaluation / Cost			Rate / period	Accumulated depreciation			Written Down Value			
	As at July 01, 2021	Additions / (Disposals)	Transfer to Investment Property		Revaluation surplus during the year	As at June 30, 2022	As at July 01, 2021		Charge for the year / (deletions)	Transfer to Investment Property	As at June 30, 2022
Leasehold land	2,666,078	-	-	58,309	2,724,387	99 years	-	-	-	-	2,724,387
Building on leasehold land	1,342,843	14,148	(21,293)	258,471	1,594,169	5%	133,831	60,854	(3,055)	191,630	1,402,539
Lift, generators and electric installation	70,219	7,547	-	31,886	109,652	25%	35,043	10,093	-	45,136	64,516
Furniture and fixtures	18,003	2,755	-	-	20,758	20%	11,860	1,660	-	13,520	7,238
Office equipment	124,262	2,376	-	-	126,638	20%	76,821	9,894	-	86,715	39,923
Computers and related accessories	550,925	191,888	-	-	742,813	20% & 33.33	450,083	79,219	-	529,262	213,405
		(146)						(40)			
Vehicles	24,736	1,080	-	-	20,506	20%	11,582	2,401	-	10,692	9,814
		(5,310)						(3,291)			
	4,797,066	219,794	(21,293)	348,666	5,338,777		719,220	164,121	(3,055)	876,955	4,461,822
		(5,456)						(3,331)			

**6.1.1** Cost of fully depreciated assets amounts to Rs. 421.579 (2022: Rs. 353.39) million.

**6.1.2** The forced sale value of the above mentioned assets which were subject to revaluation determined on the basis of latest revaluation carried out as at 30 June 2023 amounting to Rs. 3,353.15 million.



# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

7 INTANGIBLE ASSETS	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
Operating intangibles	7.1	877,497	82,096
Intangibles under development (CWIP)	7.2	19,116	716,981
		<u>896,613</u>	<u>799,077</u>

### 7.1 Operating intangibles

	June 30, 2023							
	COST			Rate	ACCUMULATED AMORTISATION		WRITTEN DOWN VALUE	
	As at July 01, 2022	Additions	As at June 30, 2023		As at July 01, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023
----- (Rupees in '000) -----			%	----- (Rupees in '000) -----				
Computer software	422,976	542,845 (Note 7.1.2)	965,821	10 - 25	398,964	23,143	422,107	543,714
Internally developed software and market products	398,376	311,548	709,924	25	340,292	35,833	376,141	333,783
	<u>821,352</u>	<u>854,393</u>	<u>1,675,745</u>		<u>739,256</u>	<u>58,976</u>	<u>798,248</u>	<u>877,497</u>
	June 30, 2022							
	COST			Rate	ACCUMULATED AMORTISATION		WRITTEN DOWN VALUE	
	As at July 01, 2021	Additions	As at June 30, 2022		As at July 01, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022
----- (Rupees in '000) -----			%	----- (Rupees in '000) -----				
Computer software	409,667	13,309	422,976	25	382,012	16,952	398,964	24,012
Internally developed software and market products	369,735	28,641	398,376	25	307,095	33,197	340,292	58,084
	<u>779,402</u>	<u>41,950</u>	<u>821,352</u>		<u>689,107</u>	<u>50,149</u>	<u>739,256</u>	<u>82,096</u>

**7.1.1** Cost of fully amortised assets amounts to Rs. 676.934 (2022: Rs. 633.75) million.

**7.1.2** During the year, the Company capitalized a new trading system known as NTS amounting to Rs. 530.77 million. NTS has replaced the previous trading system (KATS) with effect from 15 May 2023.

	June 30, 2023	June 30, 2022
<b>7.2 Intangibles under development (CWIP) - Softwares</b>	----- (Rupees in '000) -----	
Opening balance	716,981	635,020
Additions during the year	129,161	101,539
Transfers to operating intangibles	(827,026)	(19,578)
Closing balance	<u>19,116</u>	<u>716,981</u>

## 8 INVESTMENT PROPERTY

This represents office spaces in PSX's buildings. The Company carries the investment property at fair value and the latest fair valuation was carried out by Iqbal A.Nanjee & Company (Private) Limited at 30 June 2023, which resulted in fair value gain of Rs. 4.01 million. The forced sales value of the property as at 30 June 2023 is Rs. 468.596 million.

	Note	June 30, 2023	June 30, 2022
<b>9 LONG TERM INVESTMENTS</b>	----- (Rupees in '000) -----		
Subsidiary	9.1	1	-
Associates	9.2	3,532,257	3,371,839
FVOCI	9.3	112,163	98,185
		<u>3,644,421</u>	<u>3,470,024</u>

### 9.1 INVESTMENT IN SUBSIDIARY

PSX Financial Centre (Private) Limited  
100 shares having face value of Rs. 10/- each

1	-
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### 9.2 INVESTMENT IN ASSOCIATES

Central Depository Company of Pakistan Limited (CDC)  
139,328,000 (2022: 119,424,000) shares having  
face value of Rs. 10/- each

9.2.1	2,357,362	2,217,063
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National Clearing Company of Pakistan Limited (NCCPL)  
50,131,809 shares having face value of Rs. 10/- each

9.2.1	1,096,443	1,079,606
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EClear Services Limited  
7,500,000 shares having face value of Rs. 10/- each

9.2.1	78,452	75,170
	<u>3,532,257</u>	<u>3,371,839</u>

# Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 9.2.1 Reconciliation of changes in carrying value of investment in associates

	June 30, 2023			
	CDC	NCCPL	E-Clear Services	Total
	----- (Rupees in '000) -----			
Opening balance	2,217,063	1,079,606	75,170	3,371,839
Share of profit for the year	338,147	119,208	3,282	460,637
Actuarial loss on employees' gratuity fund	(6,939)	(6,321)	-	(13,260)
Dividend received during the year	(190,909)	(96,050)	-	(286,959)
Closing balance	<u>2,357,362</u>	<u>1,096,443</u>	<u>78,452</u>	<u>3,532,257</u>
	June 30, 2022			
	CDC	NCCPL	E-Clear Services	Total
	----- (Rupees in '000) -----			
Opening balance	2,083,183	1,124,111	36,000	3,243,294
Addition during the year	-	-	39,000	39,000
Share of profit for the year	322,858	171,361	170	494,389
Actuarial loss on employees' gratuity fund	(6,857)	(1,808)	-	(8,665)
Dividend received during the year	(182,121)	(214,058)	-	(396,179)
Closing balance	<u>2,217,063</u>	<u>1,079,606</u>	<u>75,170</u>	<u>3,371,839</u>

**9.2.1.1** As of 30 June 2023, the carrying value of Company's investment in NCCPL amounts to Rs 1,096 million against the break up value of Rs 1,067 million. However, in accordance with its accounting policy, the Company has assessed the recoverable amount of investment in NCCPL using the income approach and determined that the recoverable amount is higher than its carrying value. Accordingly, no impairment is required in this respect.

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

Name of associate	Country of incorporation	June 30, 2023					Interest held %
		Total assets	Total liabilities	Profit	Revenue		
----- (Rupees in '000) -----							
<b>CDC</b> Break-up value of each ordinary share of Rs.10 is Rs.18.83 based on the financial statements available for the year ended 30 June 2023.	Pakistan	7,925,327	1,333,494	849,401	2,473,564	39.81	
<b>NCCPL</b> Break-up value of each ordinary share of Rs.10 is Rs 21.28 based on the financial statements for the year ended 30 June 2023.	Pakistan	16,933,776	14,787,770	239,807	1,220,540	49.71	
<b>E-Clear Services</b> Break-up value of each ordinary share of Rs.10 is Rs 10.30 based on the financial statements for the year ended 30 June 2023.	Pakistan	624,584	315,720	13,129	19,349	25.00	
		25,483,687	16,436,984	1,102,337	3,713,453		

Name of associate	Country of incorporation	June 30, 2022					Interest held %
		Total assets	Total liabilities	Profit	Revenue		
----- (Rupees in '000) -----							
<b>CDC</b> Break-up value of each ordinary share of Rs.10 is Rs.20.92 based on the financial statements available for the year ended 30 June 2022.	Pakistan	7,391,293	1,116,205	810,998	2,310,170	39.81	
<b>NCCPL</b> Break-up value of each ordinary share of Rs.10 is Rs 20.95 based on the financial statements for the year ended 30 June 2022.	Pakistan	19,302,606	17,189,730	345,445	1,129,326	49.71	
<b>E-Clear</b> Break-up value of each ordinary share of Rs.10 is Rs 9.86 based on the financial statements for the year ended 30 June 2022.	Pakistan	561,436	265,702	2,439	4,937	25.00	
		27,255,335	18,571,637	1,158,882	3,444,433		

# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

### 9.3 At FVOCI - related parties

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
<b>VIS Credit Rating Company Limited, a related party</b>		25,266	23,367
250,000 ordinary shares of Rs.10 each, representing, 12.50% shareholding.			
<b>Pakistan Mercantile Exchange Limited (PMEX)</b>	9.3.1	86,897	74,818
8,909,052 ordinary shares of Rs.10 each, representing 28.41% (2022: 28.41%) shareholding.			
		112,163	98,185

**9.3.1** As PMEX operates under close regulatory supervision, the Company believes that it cannot exercise significant influence in the affairs of PMEX solely on the basis of shareholding / voting rights as investor in PMEX hence, the investment is not accounted for as an associate investment.

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
<b>10 LONG TERM DEPOSITS</b>			
Earnest money		33,819	33,819
Utilities		2,790	2,790
Others		5,802	5,802
		42,411	42,411
<b>11 LONG TERM LOANS</b>			
Employees - Considered good	11.1	33,890	31,729
Current portion of long term loans to employees	13	(13,393)	(13,647)
		20,497	18,082

**11.1** These personal loans are sanctioned for the purchase of motorcycles and other domestic purposes. These are secured against the outstanding balances in the Employees' Gratuity Fund. These are recoverable in monthly instalments over a period, with original maturity between 3 and 5 years and are interest free. All outstanding long term loans at the year end will mature within two to four years.

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
<b>12</b>	<b>TRADE DEBTS</b>		
	<b>Unsecured</b>		
	<b>Considered good</b>		
	Due from members	68,367	55,701
	Due from companies	117,942	62,846
		186,309	118,547
	<b>Considered doubtful</b>		
	Due from companies	63,375	55,875
		249,684	174,422
	Allowance for ECL	(63,375)	(55,875)
		186,309	118,547
<b>12.1</b>	<b>Allowance for ECL</b>		
	Opening balance	55,875	48,872
	Charge for the year	7,500	7,003
	Closing balance	63,375	55,875
<b>13</b>	<b>LOANS AND ADVANCES</b>		
	<b>Loans - secured, considered good</b>		
	- Current portion of long term loans to employees	13,393	13,647
	<b>Advances, considered good</b>		
	- Employees	43,562	33,369
	- Suppliers	1,140	3,204
		44,702	36,573
		58,095	50,220
<b>14</b>	<b>OTHER RECEIVABLES</b>		
	Due from non-members	35,272	27,758
	Due from an ex-member	6,574	6,574
	Rent receivable	26,450	28,532
	Others	22,618	18,141
		90,914	81,005
	Less: Allowance for ECL	(1,200)	(1,200)
		89,714	79,805

# Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

- 14.1** This represents amount due from an ex-member upon the cancellation of his membership and declaration as a defaulter. As a result thereof, certain shares of the ex-member were taken over by the Company in order to square up the ex-member's position and are held pending the outcome of a law suit brought against the Company by him in the Honourable High Court of Sindh (the Court). The market value of these shares (including bonus shares) as at 30 June 2023 amounted to Rs. 17.731 (2022: Rs.21.451) million. Further, as disclosed in note 16.2, bank balances include dividend/bank profit of Rs.15.621 and Rs. 21.478 (2022: Rs. 14.446 and Rs. 17.412 million) million respectively.

**15 SHORT TERM INVESTMENTS - at amortised cost**

These represent Market Treasury Bills having cost of Rs. 2,081.200 (30 June 2022: Rs. 2,078.120) million and interest accrued thereon of Rs. 100.445 (30 June 2022: Rs. 57.165) million. The effective rate of return is 20.54% (30 June 2022: 11.91%) per annum. These will mature latest by December 2023. These include Rs. 695.669 (2022: Rs. 647.147) million from defaulter / expelled / suspended members and Rs. 423.450 (2022: Rs. 463.897) million pertaining to base minimum capital.

<b>16 CASH AND BANK BALANCES</b>	<b>Note</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
----- (Rupees in '000) -----			
<b>With banks:</b>			
Current accounts		151	816
PLS accounts in foreign currency		93,267	64,362
local currency	16.1 & 16.2	263,846	213,423
		357,113	277,785
<b>In hand</b>		16	23
		<u>357,280</u>	<u>278,624</u>

- 16.1** Rate of return on PLS accounts varies from 12.25% to 19.75% (2022: 5.5% to 12.5%) per annum. However, the effective rate for the year is 15.2% (2022: 7.32%) per annum.

<b>16.2 These include the following balances:</b>	<b>Note</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
----- (Rupees in '000) -----			
Dividend / bank profit	14.1	37,099	31,858
Members basic deposits		34,129	11,386
Deposits against arbitration		2,443	8,596
Proceeds from divestments/ Membership card	22.1	143,573	98,544
Dara F. Dastoor scholarship fund		2,005	2,005
Unclaimed Dividend		1,429	1,429

17	<b>SHARE CAPITAL</b>			June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
	June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
	----- (Number of Shares) -----			----- (Rupees in '000) -----				
			<b>Authorised capital</b>					
	1,000,000,000	1,000,000,000	Ordinary shares of Rs.10/- each	10,000,000	10,000,000			
			<b>Issued, subscribed and paid-up capital</b>					
	801,476,600	801,476,600	Ordinary shares of Rs. 10/- each- (other than cash)	8,014,766	8,014,766			

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

**17.2** The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

18	<b>REVALUATION SURPLUS ON PROPERTY AND EQUIPMENT - net</b>	Note	June 30, 2023	June 30, 2022
			----- (Rupees in '000) -----	
	Balance as of 01 July 2022		968,015	959,907
	Surplus arising during the year		-	348,666
	Transferred to unappropriated profit on account of incremental depreciation charged thereon		(52,467)	(32,601)
	<b>Related deferred tax liability:</b>		915,548	1,275,972
	Opening balance		-	(198,347)
	Tax effect of surplus arising on revaluation of property and equipment during the year		-	(119,062)
	Tax effect of incremental depreciation charged during the year on related assets transferred to statement of profit or loss		17,314	9,452
	Closing balance		17,314	(307,957)
	Balance as of 30 June 2023		932,862	968,015

## 19 LONG TERM DEPOSITS

Clearing house deposits from members	19.1	448,673	475,578
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**19.1** These include Rs. 436.113 (2022: Rs. 461.808) million cash deposit placed by TREC holders against the Base Minimum Capital requirement with the Exchange in accordance with the Rule Book of PSX.



# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	Note	June 30, 2023	June 30, 2022
<b>20 LONG TERM PAYABLE</b>		----- (Rupees in '000) -----	
Long term payable	20.1	397,600	346,201
Less: current portion of long term payable		(308,469)	(110,323)
		89,131	235,878

**20.1** It represents USD 1.385 million against the purchase of Trading and Surveillance System from Shenzhen Stock Exchange (a related party). The amount is payable in 4 yearly installments latest by December 2024.

	June 30, 2023	June 30, 2022
<b>21 DEFERRED TAX LIABILITY</b>	----- (Rupees in '000) -----	
<b>Taxable temporary differences arising from:</b>		
Accelerated tax depreciation	414,263	450,943
Unrealised gain on revaluation of investment property	100,681	100,681
Unrealised gain on revaluation of investment at FVOCI	6,623	3,965
Investment in associates	12,408	15,646
	533,975	571,235
Carry forward tax losses	(336,062)	(341,757)
Provisions	(98,116)	(84,880)
Unrealised exchange loss	(35,092)	(22,161)
	(469,270)	(448,798)
	64,705	122,437

### 21.1 Movement of deferred tax liability

Opening balance	122,437	69,902
Charged to statement of profit or loss	(49,627)	(58,846)
Charged to statement of comprehensive income	(8,105)	111,381
Closing balance	64,705	122,437

22	<b>TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
		----- (Rupees in '000) -----		
	Creditors - capital expenditure		28,788	41,926
	Accrued expenses		282,642	241,003
	Deposits against arbitration		2,443	8,596
	Provision for staff bonus		24,975	46,014
	Fees and rent received in advance		162,862	74,310
	Amount held against defaulter / expelled / suspended members	22.1	839,242	745,691
	Interest payable on BMC deposits	22.2	22,975	14,198
	Provision for Wealth Tax		1,684	1,684
	Employees' Gratuity Fund	22.3	246,087	212,887
	Sales tax payable		26,749	8,225
	SECP supervision / transaction fee		5,065	5,246
	RDA Campaign		14,956	32,820
	Centralized Customer Protection Fund (CCPF) 0.1% of total revenue		452	419
	Others		66,787	68,040
			<u>1,725,708</u>	<u>1,501,059</u>

**22.1** This represents amount obtained on disposal of membership cards and sale proceeds received from sale of 40% divestment and 20% from public offering of PSX shares of defaulter / expelled / suspended members, from LSE Financial Services Limited and ISE tower REIT Management Company Limited including profit accrued thereon, deposited in a separate bank account amounting to Rs 143.573 million to be utilised for the settlement of dues of the defaulter members, including investors claim, if any. The remaining amount of Rs.695.669 million is invested in Market Treasury Bills.

**22.2** This represents interest payable on amount deposited with the Company on account of Base Minimum Deposits by TREC holders.

22.3	<b>Employees' Gratuity Fund</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
		----- (Rupees in '000) -----	
		<u>246,087</u>	<u>212,887</u>

22.3.1	<b>Principal actuarial assumptions</b>	----- (% Per annum) -----	
	Discount rate	17.80%	13.25%
	Increase in salaries	12.50%	9.30%
	Expected return on plan assets	17.80%	13.25%
	Mortality rates	SLIC 2001-05	SLIC 2001-05
	Rate of employee turnover	Moderate	Moderate

# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
<b>22.3.2 Liability recognised in the statement of financial position:</b>	----- (Rupees in '000) -----	
Present value of obligations	311,053	271,584
Fair value of plan assets	(64,966)	(58,697)
	<u>246,087</u>	<u>212,887</u>
<b>22.3.3 Expense recognised in statement of profit or loss</b>		
Current service cost	20,489	21,039
Interest cost	32,349	25,158
Expected return on plan assets	(7,130)	(6,126)
	<u>45,708</u>	<u>40,071</u>
<b>22.3.4 Movement in the liability recognised in the statement of financial position:</b>		
Opening balance	212,887	209,309
Charge for the year	45,708	40,071
Actuarial loss recognised in other comprehensive income	32,608	1,487
Contribution	(45,116)	(37,980)
Closing balance	<u>246,087</u>	<u>212,887</u>
	----- (% Per annum) -----	
<b>22.3.5 Actual return on plan assets</b>	<u>27.33%</u>	<u>9.61%</u>
<b>22.3.5.1</b> The actual return on plan assets was determined by considering the market expectations and depends upon the assets portfolio of the fund, at the beginning of the year, for returns over the entire life of the related obligation.		
	June 30, 2023	June 30, 2022
<b>22.3.6 Movement of present value of defined benefit obligations</b>	----- (Rupees in '000) -----	
Opening balance	271,584	273,051
Current service cost	20,489	21,039
Interest cost	32,349	25,158
Total benefits paid	(54,886)	(42,933)
Actuarial loss on obligation	41,517	(4,731)
Closing balance	<u>311,053</u>	<u>271,584</u>
<b>22.3.7 Movement of fair value of plan assets</b>		
Opening balance	58,697	63,742
Return on plan assets	7,130	6,126
Contributions	45,116	37,980
Benefits paid by the fund	(54,886)	(42,933)
Actuarial loss on assets	8,909	(6,218)
Closing balance	<u>64,966</u>	<u>58,697</u>

	June 30, 2023	June 30, 2022
<b>22.3.8 Remeasurements recognised in Other Comprehensive expense during the year</b>	----- (Rupees in '000) -----	
Actuarial (loss) / gain on obligation	(41,517)	4,731
Actuarial gain / (loss) on assets	8,909	(6,218)
	<u>(32,608)</u>	<u>(1,487)</u>

	Fair Value as at June 30, 2023		Fair Value as at June 30, 2022	
	(Rupees in '000)	%	(Rupees in '000)	%
Government securities	49,919	76.84%	50,670	86.32%
Cash and net current assets	15,047	23.16%	8,027	13.68%
	<u>64,966</u>	<u>100%</u>	<u>58,697</u>	<u>100%</u>

#### Historical information

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	311,053	271,584	273,051	246,890	205,990
Fair value of plan assets	(64,966)	(58,697)	(63,742)	(74,056)	(81,806)
<b>Funding surplus</b>	<u>246,087</u>	<u>212,887</u>	<u>209,309</u>	<u>172,834</u>	<u>124,184</u>
Experience adjustment on plan liabilities	(41,517)	4,731	(42,811)	(56,562)	(8,976)
Experience adjustment on plan assets	8,909	(6,218)	984	16,256	(10,978)

	June 30, 2023	June 30, 2022
<b>22.3.10 Maturity profile of the defined benefit obligation</b>	----- (Rupees in '000) -----	
Distribution of timing of benefit payments within the next 12 months (next annual reporting period)	9,237	16,017
between 2 and 5 years	103,431	79,110
between 6 and 10 years	247,152	185,779
Beyond 10 years	779,306	753,130

#### 22.3.11 Sensitivity Analysis on significant actuarial assumptions: Actuarial Liability

	Present value (Rupees in '000)	Percentage
Discount Rate +1%	300,127	-3.51%
Discount Rate -1%	322,731	3.75%
Long Term Salary Increases +1%	323,190	3.90%
Long Term Salary Increases -1%	299,530	-3.70%

**22.3.12** Investments out of gratuity fund have been made in accordance with the provisions of Section 218 to the Act and the rules formulated for this purpose.

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Tax related contingencies

S.no	Case Number	Name of the Court/ Agency/ Authority	Date Instituted	Principal Parties	Description
1	CPLA # 774	Supreme Court of Pakistan	2022	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 13 April 2018 pertaining to Tax year 2012 claiming Sindh Sales Tax (SST) amounting to Rs.50.517 million- along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.
2	CPLA # 775	Supreme Court of Pakistan	2022	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 25th April,2018 pertaining to Tax year 2013 claiming Sindh Sales Tax (SST) amounting to Rs.56.204 million along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.
3	CPLA # 3338	Supreme Court of Pakistan	2021	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 11 May 2019 pertaining to Tax year 2014 claiming Sindh Sales Tax (SST) amounting to Rs.76.955 million along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.
4	CPLA # 784	Supreme Court of Pakistan	2022	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 11 May 2019 pertaining to Tax year 2018 claiming Sindh Sales Tax (SST) amounting to Rs.4.645 million along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.
5	CPLA # 776	Supreme Court of Pakistan	2022	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 25 April 2019 pertaining to Tax year 2017 claiming Sindh Sales Tax (SST) amounting to Rs.5.278 million along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.

The cumulative financial impact of sales tax related contingencies is estimated to be Rs 193 (2022: Rs.193) million.

## 23.2 Contingencies relating to PSX's operations

S.no	Case Number	Name of the Court/ Agency/ Authority	Date Instituted	Principal Parties	Description	Relief Sought
1	Suit # 950/97	High Court of Sindh	09-08-1997	Naeem Rana & 5 Others vs. 1. M. Rashid Jamal (MRJ) 2. Faisal Jamal 3. PSX	A lawsuit was filed by five investors against the Company and an ex-member for declaration, injunction and recovery of damages, aggregating to Rs.70.00 (2022: Rs.70.00) million together with interest thereon. The investors alleged that the Company had unlawfully taken possession and disposed off some shares belonging to the petitioners that were lying with the ex-member. The legal advisor of the Company considers that above mentioned lawsuit is expected to be decided in favour of the Company. Hence, no provision has been made in the financial statements for any liability that may arise as a result of these lawsuits.	The plaintiffs has filed the present suit against PSX and its ex-member for declaration, injunction and recovery of damages, aggregating to Rs.70.00 million together with interest thereon. The matter was fixed on 11.01.2022 for argument, discharged & adjourned to date in office.
2	C.P. # 786/2008	High Court of Sindh	30-04-2008	PSX Vs Federation of Pakistan & Competition Commission of Pakistan	The Islamabad Stock Exchange (Guarantee) Limited filed a complaint with the Competition Commission of Pakistan (CCP) against the Company alleging abuse of its dominant position in securities market in contravention of Section 3 of the Competition Ordinance, 2007. The CCP passed directed the Company to take corrective measures along with the other exchanges of Pakistan and in case of failure to comply with the direction of the CCP, the Company will be liable to pay a penalty of Rs. 50 (2022: Rs.50) million and additional penalty of Rs.250,000 per day for each day of non-compliance. The Company has filed an appeal before the Supreme Court against the CCP's Order. As per the legal advisor, the Company has a reasonable case in respect of the above. Hence, no provision for any liability which may arise in this regard has been made in the financial statements.	Islamabad Stock Exchange had filed a complaint with Competition Commission against PSX alleging abuse of its dominant position in securities market in contravention of Section 3 of the Competition Ordinance, 2007. PSX filed its reply to the Commission. However, the Commission, without giving due consideration to the PSX's reply, issued a Show Cause Notice to PSX for taking action under the Ordinance. Thereupon, PSX filed this Petition in the Court seeking its order, among others, for declaring the Show Cause Notice as unlawful.
3	Suit No. 1086 /2017	High Court of Sindh	26/4/2017	PSX Vs. KW&SB & Others	During the year 2016-17, the Company has received a demand notice amounting to Rs. 32.19 million from Karachi and Water Sewerage Board (KWSB) in respect of water, sewerage, conservancy and fire charges. However, the Company is of the view, that since the Company is not receiving any sort of utilities from KWSB therefore, such demand is not valid. In view of the same, a case has been filed by the Company in the court of law against the above demand of KWSB. The matter is currently pending adjudication and based on the view of the legal advisor of the Company positive outcome is expected in favour of the Company and hence no provision has been made by the management against the above demand in these financial statements.	After, disposal of case in Supreme Court, KW&SB again demanded Rs.32.167 million from the Exchange on account of water and sewerage service charges and stated that in case of failure to pay they will disconnect the existing service pipelines of water and sewerage connections of the Exchange. Consequently, the Exchange filed Suit No.1086/2017 for Declaration, Permanent Injunction & Other Relieves in the Sindh High Court.
4	Suit No. 639 /2003	High Court of Sindh	29/5/2003	M/s. Shafi Chemical Industries vs. Mr. Arif Habib, Mr. Salim Chamdia, Mr. Aqeel Karim Dhedhi, Mr. Shahid Ghaffar, PSX, SECP & CDC	This is a suit for Declaration, Injunction and Damages of about Rs. 1.7 billion. It has been alleged that due to unlawful and malafide acts of Defendants the securities deposited by Plaintiff with his brokers were made worthless and he suffered losses. The written statement prepared by our counsel on behalf of former directors and PSX has been filed in court. The case fixed for hearing of application is being adjourned from time to time on the request of Plaintiff's advocate.	However, a decree for only Rs. 49.77 million has been sought against the PSX.

The cumulative financial impact of contingencies related to PSX's operations is estimated to be Rs 202 (2022: Rs.202) million.

# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

### 23.3 Other contingencies

The Inspecting Additional Commissioner raised an additional demand in respect of wealth tax amounting to Rs. 19,184 million for assessment years 1996-97 to 1999-2000 against which various appeals have been filed by the Company with the Income Tax Appellate Tribunal (ITAT). During the year ended 30 June 2002, the ITAT on appeals filed by the Company allowed relief to the Company by cancelling the wealth tax orders and allowing exemption under the Wealth Tax Act 1963. Against this decision of the ITAT, during the year ended 30 June 2007, the Income Tax Department filed an appeal with the Court.

**23.4** The total cumulative impact of contingencies stated in note 23.1, 23.2 and 23.3 amounts to Rs 414 (2022: Rs.420) million. The management of the Company, based on legal advisors opinions, believes that the Company has reasonable position in respect of these litigations. Hence, no provision for any liability which may arise in this regard has been made in these financial statements.

### 23.5 Commitments

IT maintenance charges

**June 30,  
2023**      **June 30,  
2022**  
----- (Rupees in '000) -----

	179,438	128,750
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### 24 LISTING FEE

Annual fee  
Initial / first year fee

	575,123	552,456
	138,812	129,395
	713,935	681,851

### 25 INCOME FROM EXCHANGE OPERATIONS

Trading fee  
Facilities and equipment fee  
Income from non-trading facilities  
Regulatory fee  
Membership fee  
Other fee

	180,467	270,426
	179,213	185,065
	104,013	91,020
	33,534	51,579
	2,790	2,820
	10,135	6,110
	510,152	607,020

### 26 MARK-UP / INTEREST INCOME

Government securities  
PLS saving accounts

	147,247	91,630
	27,874	15,652
	175,121	107,282

27	OPERATING AND ADMINISTRATIVE EXPENSES	Note	June 30,	June 30,
			2023	2022
			----- (Rupees in '000) -----	
	Salaries and other benefits	27.1	792,304	712,725
	Rent, rates and taxes		20,178	18,213
	Fuel and power		79,804	62,155
	Repairs and maintenance		82,107	67,514
	Computer maintenance and related expenses		170,233	147,553
	Insurance		20,708	21,495
	Printing and stationery		7,416	4,296
	Donations	27.2	1,733	7,681
	Auditors' remuneration	27.3	3,396	2,819
	Legal and professional charges		22,660	29,447
	Depreciation	6.1	178,537	164,121
	Amortisation	7.1	58,976	50,149
	Travelling and conveyance		6,049	2,137
	General office expense		9,272	6,443
	Receptions, meetings and functions		16,986	15,374
	Contribution to IPF 0.1%		1,824	1,890
	Advertisement, marketing and development		27,203	46,300
	SECP supervision fee		12,241	12,889
	Allowance for ECL	12.1	7,500	7,003
	Security expenses		25,267	21,680
	Subscription fee		18,580	8,787
	Training and development		2,031	4,124
	Other expenses		9,394	11,828
			<u>1,574,399</u>	<u>1,426,623</u>

**27.1** Included herein is a sum of Rs.45.708(2022: Rs.40.071) million in respect of retirement benefits.

**27.2** Donations are paid to Orange Tree Foundation, SINA Health Education & Welfare and Karachi Relief Trust as per the policy approved by Board of Directors, in which none of the directors of the Company is interested in any capacity.



# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
<b>27.3 Auditors' remuneration</b>		
Audit fee	1,600	945
Fee for review of interim financial information	395	343
Special audit fee	750	-
Fee for review of Code of Corporate Governance	55	55
Other certifications	299	1,220
Out of pocket expenses	297	256
	<u>3,396</u>	<u>2,819</u>
<b>28 OTHER EXPENSES - net</b>		
Exchange loss	(106,340)	(67,156)
Gain on sale of fixed assets	878	2,524
Dividend income	1,625	500
Others	2,808	2,784
	<u>(101,029)</u>	<u>(61,348)</u>
<b>29 TAXATION</b>		
Current	79,584	118,669
Prior	-	1,603
Deferred	(49,627)	(58,846)
	<u>29,957</u>	<u>61,426</u>
<b>29.1</b>	The numerical reconciliation is not provided as the tax charge of the Company mainly comprise of minimum tax and tax at reduced rates under the relevant sections of Income Tax Ordinance, 2001.	
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
<b>30 BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit after taxation (Rupees in '000)	<u>219,789</u>	<u>398,713</u>
Weighted average number of ordinary shares outstanding during the year	<u>801,476</u>	<u>801,476</u>
Basic and diluted earnings per share (Rupees)	<u>0.27</u>	<u>0.50</u>

## 31 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	June 30, 2023			
	Chief Executive Officer	Directors	Executives	Total
	----- (Rupees in '000) -----			
Managerial Remuneration	58,177	-	528,916	587,093
Annual performance payout	19,500	-	16,720	36,220
Gratuity	-	-	32,919	32,919
Fees	-	14,325	-	14,325
	<u>77,677</u>	<u>14,325</u>	<u>578,555</u>	<u>670,557</u>
Number	<u>1</u>	<u>10</u>	<u>114</u>	

	June 30, 2022			
	Chief Executive Officer	Directors	Executives	Total
	----- (Rupees in '000) -----			
Managerial Remuneration	50,290	-	418,166	468,456
Annual performance payout	18,406	-	-	18,406
Gratuity	-	-	25,101	25,101
Fees	-	12,875	-	12,875
	<u>68,696</u>	<u>12,875</u>	<u>443,267</u>	<u>524,838</u>
Number	<u>1</u>	<u>10</u>	<u>99</u>	

31.1 The Chief Executive Officer (CEO) of the Company has also been provided with the free use of Company owned and maintained car.

## 32 RELATED PARTY TRANSACTIONS

The related parties comprise of associates, staff gratuity fund, directors and key management personnel.

32.1 Following are the details of transactions with related parties:

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	

### Listing Fee Common Directorship

Power Cement Limited	2,105	2,275
Fauji Foods Limited	20,905	17,443
Samba Bank Limited	2,269	-
Sui Southern Gas Company Limited	1,599	1,855
Engro Fertilizers Ltd.	3,219	2,994
The Searle Company Limited	6,599	4,170

# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
United Brands Limited	676	763
IBL Healthcare Limited	1,234	1,278
The Searle Pakistan Limited	1,500	-
<b>Associate</b>		
Habib Bank Limited	4,593	4,777
	<u>44,699</u>	<u>35,555</u>
<b>Facilities and Equipment Fee</b>		
<b>Common Directorship</b>		
Power Cement Limited	12	12
Fauji Foods Limited	12	12
Samba Bank Limited	24	-
Arch Sons	168	226
Sui Southern Gas Company Limited	12	12
Engro Fertilizers Ltd.	12	12
The Searle Company Limited	12	12
United Brands Limited	12	12
IBL Healthcare Limited	12	12
<b>Associate</b>		
Habib Bank Limited	527	499
	<u>803</u>	<u>809</u>
<b>LAN Connectivity Charges</b>		
<b>Associate</b>		
National Clearing Company of Pakistan	4,887	5,202
	<u>4,887</u>	<u>5,202</u>
<b>Miscellaneous Income</b>		
Fauji Foods limited	55	-
Power Cement limited	55	-
Sui Southern Gas Company Limited	35	-
	<u>145</u>	<u>-</u>
<b>Dividend income</b>		
<b>Associate</b>		
Central Depository Company of Pakistan Limited	190,909	182,121
National Clearing Company of Pakistan	96,050	214,058
VIS Credit Rating Company Limited	1,625	500
	<u>288,584</u>	<u>396,679</u>
<b>Rental Income from investment property</b>		
<b>Associate Company</b>		
Central Depository Company of Pakistan Limited	6,417	6,112

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
National Clearing Company of Pakistan	18,707	17,006
Habib Bank Limited	19,594	17,813
	<u>44,718</u>	<u>40,931</u>
<b>Annual Subscription Fee &amp; Board Evaluation</b>		
Pakistan Institute of Corporate Governance(PICG)	602	158
<b>CDC Fee</b>		
<b>Associate Company</b>		
CDC fee - Central Depository Company of Pakistan Limited	3,503	4,703
<b>Retirement benefit plan</b>		
Payment made to gratuity fund during the year	45,116	37,977
<b>Profit bank accounts</b>		
<b>Associate Company</b>		
Habib Bank Limited	13	4
<b>Contribution</b>		
<b>Common directorship</b>		
Centralized Customer Protection Fund (CCPF) 0.1% of total revenue	1,824	1,890
<b>Reimbursement of Expenses</b>		
<b>Associate Company</b>		
China Financial Futures Exchange	2,591	2,391

Name	Designation
Farrukh H. Khan	Chief Executive Officer
Ahmed Ali Mitha	Chief Financial Officer
Fakhara Rizwan	Chief Legal and Corporate Affairs Officer
Ajeet Kumar	Chief Regulatory Officer
Syed Adeel Javaid	Chief Information Officer
Farhan Ansari	Chief Internal Audit Officer
Syed Abbas Haider Zaidi	Chief Risk Management Officer

**32.2** Following are the details of outstanding balances with related parties:

Listing Fee Receivable		
Common Directorship		
IBL Healthcare Limited	130	216
The Searle Company Limited	2,429	-
	<u>2,529</u>	<u>216</u>

# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----		
<b>Facilities and Equipment Receivable</b>		
<b>Common Directorship</b>		
Engro Fertilizers Ltd.	-	24
Samba Bank Limited	24	-
United Brands Limited	36	24
IBL HealthCare Limited	-	24
	<u>60</u>	<u>72</u>
<b>Miscellaneous Income Receivable</b>		
Fauji Foods Limited	55	-
Sui Southern Gas Company Limited	35	-
	<u>90</u>	<u>-</u>
<b>LAN Connectivity Charges Receivable</b>		
<b>Associate Company</b>		
National Clearing Company of Pakistan Limited	10,062	5,175
	<u>548</u>	<u>-</u>
<b>Electric Charges Payable</b>		
National Clarity Company of Pakistan Limited(NCCPL)	548	-
	<u>9,185</u>	<u>8,594</u>
<b>Retirement benefit plan</b>		
Payable to gratuity fund	9,185	8,594
	<u>452</u>	<u>419</u>
<b>Contribution payable 0.1% of Revenue</b>		
<b>Common Directorship</b>		
Centralized Customer Protection Fund (CCPF) 0.1% of total revenue	452	419
	<u>5,659</u>	<u>3,068</u>
<b>Receivable against Expenses</b>		
<b>Associate Company</b>		
China Financial Futures Exchange	5,659	3,068

### 33 FINANCIAL RISK MANAGEMENT

The Company is exposed to the following risks.

#### 33.1 Market risk

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

### 33.2 Interest rate risk

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

	<b>June 30, 2023</b>			
	<b>Interest / mark-up bearing</b>			
<b>Financial assets</b>	<b>Effective yield / mark-up rate %</b>	<b>Upto six months</b>	<b>More than six months</b>	<b>Total</b>
	----- (Rupees in '000) -----			
Market Treasury Bills	15.88 - 22.48	2,181,645	-	2,181,645
Cash and bank balances	12.25 - 19.75	357,113	-	357,113
		2,538,758	-	2,538,758

	<b>June 30, 2022</b>			
	<b>Interest / mark-up bearing</b>			
<b>Financial assets</b>	<b>Effective yield / mark-up rate %</b>	<b>Upto six months</b>	<b>More than six months</b>	<b>Total</b>
	----- (Rupees in '000) -----			
Market Treasury Bills	10.63 - 15.08	2,135,286	-	2,135,286
Cash and bank balances	5.50 - 12.50	277,785	-	277,785
		2,413,071	-	2,413,071

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

	<b>Effect on profit</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b>Change in basis point</b>	----- (Rupees in '000) -----	
+ 100	25,388	24,131
- 100	(25,388)	(24,131)

### 33.3 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates mainly relates to long term payable to Shenzhen Stock Exchange amounting to Rs. 397.675 million [US dollars 1.385 million] and the bank balance in saving accounts maintained in US dollars amounting to Rs. 93.267 million [US dollars 0.325 million] (2022: Rs 64.22 million) [US dollars 0.312 million].

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

# Pakistan Stock Exchange Limited

## Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	Change in US dollar rate	Effect on profit before tax	Effect on reserves
	----- (Rupees in '000) -----		
<b>Assets as at 30 June 2023</b>	+10%	9,327	9,327
	-10%	(9,327)	(9,327)
<b>Liabilities as at 30 June 2023</b>	+10%	39,767	39,767
	-10%	(39,767)	(39,767)

### 33.4 Credit risk

**33.4.1** Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The table below shows the maximum exposure to credit risk:

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
Bank balances	357,264	278,601
Trade debts	186,309	118,547
Loans and advances	78,592	68,302
Long term deposits	42,411	42,411
Other receivables	89,714	79,805
	<u>754,290</u>	<u>587,666</u>

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

Ratings *	June 30, 2023	June 30, 2022
	----- (%) -----	
AAA	85.03	89.66
AA+	14.96	8.71
AA-	0.01	1.63
	<u>100.00</u>	<u>100.00</u>

\* Ratings are Performed by PACRA and V/S Crediting Rating Co.

**33.4.3** The IFRS 9 classification of financial assets and liabilities of the Company are as follows:

	<b>Financial assets at amortized cost</b>	<b>Financial assets FVOCI</b>	<b>Financial liabilities at amortized cost</b>	<b>Total</b>
----- (Rupees in '000) -----				
<b>Financial assets</b>				
Cash and bank balances	357,280	-	-	357,280
Investments	-	112,163	-	112,163
Loans and advances	78,592	-	-	78,592
Trade debts	186,309	-	-	186,309
Other receivables	89,714	-	-	89,714
<b>Financial liabilities</b>				
Long term deposits	-	-	448,673	448,673
Long term payable	-	-	89,131	89,131
Current portion of long term payable	-	-	308,469	308,469
Other liabilities	-	-	1,060,530	1,060,530

**33.4.4** The bank balances and investment in debt securities are classified in level 1 under the requirements of IFRS 9.

### **33.5 Liquidity risk**

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

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

	<b>June 30, 2023</b>				
	<b>On demand</b>	<b>Upto three months</b>	<b>Upto 12 months</b>	<b>More than one year</b>	<b>Total</b>
----- (Rupees in '000) -----					
Long term deposits	445,213	-	-	3,460	448,673
Trade and other liabilities	1,725,708	-	-	-	1,725,708
Long term payable	-	-	308,469	89,131	397,600
<b>Total</b>	<b>2,170,921</b>	<b>-</b>	<b>308,469</b>	<b>92,591</b>	<b>2,571,981</b>



# Notes to the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2022				Total
	On demand	Upto three months	Upto 12 months	More than one year	
	----- (Rupees in '000) -----				
Long term deposits	472,118	-	-	3,460	475,578
Trade and other liabilities	1,501,059	-	-	-	1,501,059
Long term payable	-	-	110,323	235,878	346,201
<b>Total</b>	<b>1,973,177</b>	<b>-</b>	<b>110,323</b>	<b>239,338</b>	<b>2,322,838</b>

### 33.6 Fair value of financial instruments

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

#### 33.6.1 Fair value hierarchy

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

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

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

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

The table analyses financial and non-financial assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial and non-financial assets measured at fair value	June 30, 2023			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
Financial assets at 'fair value through OCI	-	-	112,163	112,163

As at 30 June 2023, the Company's long term investments are in unquoted securities (see note 9), which are carried at fair value. The fair value of such investments is determined by using level 3 techniques. The Company has used income approach (i.e. a present value technique) to value its investment in (PMEX). For this purpose, the financial projections have been derived from the business plans prepared by the management and duly approved by PMEX Board of Directors. The fair value of investment in VIS Credit Rating Company has been determined based on the net asset value due to limited financial information available.

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**34 NUMBER OF EMPLOYEES**

**34.1** The number of employees as at 30 June 2023 were 231 (30 June 2022: 244).

**34.2** Average number of employees during the year as at 30 June 2023 were 238 (30 June 2022: 241).

**35 GENERAL**

**35.1** The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

**35.2** Corresponding figures have been re-arranged and re-classified for the purpose of better presentation. However, there are no material reclassification to report.

**36 DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorised for issue on September 16, 2023 by the Board of Directors of the Company.



Chief Financial Officer



Chief Executive Officer



Chairperson

# *Consolidated Financial Statements*



# Independent Auditor's Report on the Consolidated Financial Statements



**Grant Thornton Anjum  
Rahman**

1st & 3rd Floor,  
Modern Motors House,  
Beaumont Road,  
Karachi, Pakistan.

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## INDEPENDENT AUDITOR'S REPORT

**To the members of Pakistan Stock Exchange Limited  
Report on the Audit of Consolidated Financial Statements**

### Opinion

We have audited the annexed consolidated financial statements of Pakistan Stock Exchange Limited (the Company), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof confirm with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to the contents of note 23 to the consolidated financial statements in respect of contingencies. The ultimate outcome of the matters referred therein cannot be presently be determined with certainty and hence, no provision for any liability that may arise from such matters has been made in the consolidated financial statements. Our opinion is not modified in respect of this matter.



### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the key audit matters:

Key audit matter	How the matter was addressed in our audit
<b>IT Systems and controls over revenue recognition</b>	
<p>During the year, the Group used automated securities trading system (known as KATS) for trading transactions on a real time basis. However, with effect from 15 May 2023, KATS was replaced by a new trading system known as NTS.</p> <p>The trading fees generated from the transactions processed are the key drivers of the Group's revenue. Therefore, the revenue recognition of these fees rely on the KATS / NTS trading data processing which involves automated controls, system generated information and system interfaces, which are underpinned by the design and operating effectiveness of the IT general controls over the key IT systems and the automated application controls over the processes.</p> <p>Due to the significance of the impacts of the IT systems and controls over revenue process, we have identified this as a key audit matter.</p>	<p>Our audit procedures among others included:</p> <ul style="list-style-type: none"> <li>▪ we obtained a front-to-end understanding of the revenue recognition and reporting processes and identified the automated controls and the corresponding key IT systems that support the processes.</li> <li>▪ we assessed the IT controls environment, reviewed the IT governance framework and tested the IT general controls of the key IT application that support the revenue recognition and reporting to evaluate whether the system dependent controls and information could be relied on throughout the period.</li> <li>▪ we tested the identified automated application controls, which are critical to the revenue recognition processes.</li> </ul>

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Khurram Jameel**.

A handwritten signature in black ink, appearing to read "Khurram Jameel".

Chartered Accountants  
Karachi  
Date: 19 September 2023  
UDIN: AR2023100931Dfv0dkqo




# Pakistan Stock Exchange Limited

## Consolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	4,344,561	4,495,825
Intangible assets	7	896,613	799,077
Investment property	8	581,733	566,333
Long term investments	9	3,644,420	3,470,024
Long term deposits	10	42,411	42,411
Long term loans	11	20,497	18,082
		9,530,235	9,391,752
<b>CURRENT ASSETS</b>			
Trade debts	12	186,309	118,547
Loans and advances	13	58,095	50,220
Prepayments		23,299	19,074
Other receivables	14	89,714	79,805
Short term investments	15	2,181,645	2,135,286
Taxation – net		609,704	575,559
Cash and bank balances	16	357,281	278,624
		3,506,047	3,257,115
<b>TOTAL ASSETS</b>		<b>13,036,282</b>	<b>12,648,867</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized capital</b>			
	17	10,000,000	10,000,000
Share capital	17	8,014,766	8,014,766
Reserves		1,448,334	1,217,377
Revaluation surplus on property and equipment - net	18	932,862	968,015
		10,395,962	10,200,158
<b>NON-CURRENT LIABILITIES</b>			
Dara F. Dastoor scholarship fund		2,005	2,005
Long term deposits	19	448,673	475,578
Long term payable	20	89,131	235,878
Deferred tax liability	21	64,705	122,437
		604,514	835,898
<b>CURRENT LIABILITIES</b>			
Unclaimed dividend		1,429	1,429
Current portion of long term payable	20	308,469	110,323
Trade and other payables	22	1,725,908	1,501,059
		2,035,806	1,612,811
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,036,282</b>	<b>12,648,867</b>

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson




# Pakistan Stock Exchange Limited

## Consolidated Statement of Profit or Loss

For the Year Ended June 30, 2023

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>Revenue</b>			
Listing fee	24	713,935	681,851
Income from exchange operations	25	510,152	607,020
Mark-up / interest income	26	175,121	107,282
Rental income from investment property		65,329	57,568
		1,464,537	1,453,721
Operating and administrative expenses	27	(1,574,599)	(1,426,623)
<b>Operating (loss) / profit</b>		(110,062)	27,098
Other expenses	28	(101,029)	(61,348)
Share of profit from associates	9.1.1	460,637	494,389
<b>Profit before taxation</b>		249,546	460,139
Taxation	29	(29,957)	(61,426)
<b>Net profit for the year</b>		219,589	398,713
Attributable to:			
Equity holders of the Holding Company		219,589	398,713
Basic and diluted earnings per share	30	0.27	0.50

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson

Pakistan Stock Exchange Limited

# Consolidated Statement of Comprehensive Income

For the Year Ended June 30, 2023

	2023	2022
	----- (Rupees in '000) -----	
<b>Net profit for the year</b>	219,589	398,713
<b>Other comprehensive income</b>		
<i>Items not to be reclassified to profit and loss in subsequent periods:</i>		
Surplus on revaluation of property and equipment	-	348,665
Effect of deferred tax	-	(119,062)
	-	229,603
Actuarial loss on employees' gratuity fund		
- Company	(32,608)	(1,487)
- Associates	(17,937)	(12,356)
	(50,545)	(13,843)
Effect of deferred tax		
- Company	10,761	8,437
- Associates	4,677	3,691
	15,438	12,128
	(35,107)	(1,715)
Unrealized gain on revaluation of investments at FVOCI	13,978	3,979
Effect of deferred tax	(2,656)	(756)
	11,322	3,223
<b>Total comprehensive income for the year</b>	<b>195,804</b>	<b>629,824</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson



# Pakistan Stock Exchange Limited

## Consolidated Statement of Cash Flows

For the Year Ended June 30, 2023

	2023	2022
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	249,546	460,139
<b>Non-cash adjustments</b>		
Depreciation	178,537	164,121
Amortisation	58,976	50,149
Provision for gratuity	45,708	40,071
Mark-up / interest income	(175,121)	(107,282)
Allowance for ECL	7,500	7,003
Gain on disposal of fixed assets	(878)	(2,524)
Share of profit of associates	(460,637)	(494,389)
	(345,915)	(342,851)
	(96,369)	117,288
<b>Working capital adjustments:</b>		
Trade debts	(75,262)	(10,902)
Loans and advances	(7,875)	(19,971)
Prepayments	(4,225)	(400)
Other receivables	(9,909)	(8,591)
Trade and other payables	191,649	(4,579)
Current portion of long term payable	198,146	(79,908)
	292,524	(124,351)
Income tax paid	(119,178)	(121,075)
Gratuity paid	(45,116)	(37,977)
Mark-up / interest received	170,835	85,669
Long term deposits - net	(26,905)	56,534
Long term loans	(2,415)	(4,198)
Long term payable	(146,747)	149,447
	(169,526)	128,400
<b>Net cash generated from operating activities</b>	26,629	121,337


# Pakistan Stock Exchange Limited

## Consolidated Statement of Cash Flows

For the Year Ended June 30, 2023

	2023	2022
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(247,034)	(185,775)
Proceeds from sale of fixed assets	1,797	4,553
Dividend received	288,584	396,679
Proceeds from sale of investments	4,759,904	6,859,609
Investments purchased	(4,751,223)	(7,223,887)
<b>Net cash used in investing activities</b>	52,028	(148,821)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividend paid	-	(156,648)
<b>Net increase / (decrease) in cash and cash equivalents</b>	78,657	(184,132)
Cash and cash equivalents at the beginning of the year	278,624	462,756
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>357,281</u>	<u>278,624</u>

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson

# Pakistan Stock Exchange Limited

## Consolidated Statement of Changes In Equity

For the Year Ended June 30, 2023

	Share Capital	Reserves			Total	Revaluation surplus on property and equipment	Total
		Un-appropriated profit	Revaluation surplus on investments at FVOCI	Share of associates			
----- (Rupees in '000) -----							
<b>Balance as at 01 July 2021</b>	8,014,766	992,875	14,355	(52,927)	954,303	761,560	9,730,629
Net profit for the year	-	398,713	-	-	398,713	-	398,713
Other comprehensive income / (loss)	-	6,950	3,223	(8,665)	1,508	-	1,508
Total comprehensive income for the year	-	405,663	3,223	(8,665)	400,221	-	400,221
Dividend for the year ended 30 June 2021 @ 0.2 per share	-	(160,295)	-	-	(160,295)	-	(160,295)
Surplus on revaluation realised during the year - net of tax	-	-	-	-	-	229,603	229,603
Transfer from revaluation surplus on property and equipment incremental depreciation - net of tax	-	23,148	-	-	23,148	(23,148)	-
<b>Balance as at 30 June 2022</b>	<u>8,014,766</u>	<u>1,261,391</u>	<u>17,578</u>	<u>(61,592)</u>	<u>1,217,377</u>	<u>968,015</u>	<u>10,200,158</u>
<b>Net profit for the year</b>	-	219,589	-	-	219,589	-	219,589
<b>Other comprehensive (loss) / income</b>	-	(21,847)	11,322	(13,260)	(23,785)	-	(23,785)
<b>Total comprehensive income for the year</b>	-	197,742	11,322	(13,260)	195,804	-	195,804
Transfer from revaluation surplus on property and equipment incremental depreciation - net of tax	-	35,153	-	-	35,153	(35,153)	-
<b>Balance as at 30 June 2023</b>	<u>8,014,766</u>	<u>1,494,286</u>	<u>28,900</u>	<u>(74,852)</u>	<u>1,448,334</u>	<u>932,862</u>	<u>10,395,962</u>

The annexed notes from 1 to 36 form an integral part of these consolidated financial statements.



Chief Financial Officer



Chief Executive Officer



Chairperson

# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

### 1 THE GROUP AND ITS OPERATIONS

**1.1** Pakistan Stock Exchange Limited (the Holding Company) was incorporated under the Companies Act, 1913 (now Companies Act, 2017) on 10 March 1949 as a Company Limited by Guarantee. However, on 27 August 2012 the Holding Company was re-registered as public company limited by shares under the Stock Exchanges (Corporatisation, Demutualisation and Integration) Act 2012 (XV of 2012). The Holding Company is listed on PSX with effect from 29 June 2017.

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

The registered office of the Holding Company is situated at Stock Exchange Building, Stock Exchange Road, Karachi. Area of land belongs to the Holding Company is 9,408 Sq. yards out of which occupied space by the buildings are 4,050 Sq. yards and open area is 5,358 Sq. yards.

The group consists of:

#### Holding Company

- Pakistan Stock Exchange Limited

#### Subsidiary Company

- Pakistan Financial Center (Private) Limited

#### Associates

- Central Depository Company of Pakistan Limited (CDC)  
- National Clearing Company of Pakistan Limited (NCCPL)  
- EClear Services Limited

#### Percentage of shareholding

	2023	2022
--	------	------

- Pakistan Financial Center (Private) Limited	100%	0%
---	------	----

- Central Depository Company of Pakistan Limited (CDC)	39.81%	39.81%
--	--------	--------

- National Clearing Company of Pakistan Limited (NCCPL)	49.71%	49.71%
---	--------	--------

- EClear Services Limited	25.00%	25.00%
---------------------------	--------	--------

#### a) Pakistan Financial Center (Private) Limited

PSX Financial Centre (Private) Limited (the Subsidiary) was incorporated in Pakistan on November 2, 2022 as Private Limited Company under the Companies Act, 2017. The registered office of the Subsidiary is situated in Stock Exchange Building, Stock Exchange Road, Karachi. The Subsidiary is principally engaged under business to carry on Real Estate operations.

**1.2** Shareholders of the Holding Company include the following foreign shareholders:

#### China Financial Futures Exchange Company Limited

Legal Status

Limited by Shares

Owners

CFFEX was setup jointly by Shanghai Futures Exchange, Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange, each accounting for 20% of total shares.

Chief Executive Officer

Mr. Huo Ruirong

#### Shanghai Stock Exchange limited

Legal Status

Non-profit organization directly governed by the China Securities Regulatory Commission.



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Owners	Membership-based exchange
Chief Executive Officer	Mr. Jian Chun Cai

### **Shenzhen Stock Exchange Limited**

Legal Status	Non-profit organization directly governed by the China Securities Regulatory Commission.
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Owners	Membership-based exchange
Chief Executive Officer	Ms. Yan Sha

## **2 STATEMENT OF COMPLIANCE**

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## **3 BASIS OF MEASUREMENT**

**3.1** These consolidated financial statements have been prepared under the historical cost convention except as mentioned in note 5.

**3.2** These consolidated financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

### **3.3 Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary as at 30 June 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.



# Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## 4 NEW ACCOUNTING STANDARDS

### 4.1 Accounting standards effective for the year

There are certain new standards and amendments that are mandatory for the Group's accounting period beginning on 01 July 2022, but are considered either to be not relevant or to not have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements.

### 4.2 Accounting standards not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's accounting periods beginning on / after 01 July 2023. However, the Group expects that these standards will not have any material impact on the future financial statements of the Company.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Operating fixed assets

Leasehold land is carried at revalued amount less subsequent accumulated impairment losses. Buildings on leasehold land and lift, generators and electric installation are carried at revalued amount, less subsequent accumulated depreciation and accumulated impairment losses. All other fixed assets are carried at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged to statement of profit or loss applying the diminishing balance method over the estimated useful life of respective assets, except for "Computers and related accessories" which are depreciated using straight-line method. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. In respect of additions and disposals of assets, depreciation is charged from the month in which asset is available to use and continue depreciating it until it is derecognised i.e. up to the month preceding the disposal, even if during that period the asset is idle. Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

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



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An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

## **5.2 Capital work-in-progress**

These are stated at cost less any subsequent accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation.

## **5.3 Surplus on revaluation of property and equipment**

Surplus on revaluation is recognised in other comprehensive income as surplus on revaluation of property and equipment which is presented as separate component within equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Cost / revalued amount at the date of the revaluation is adjusted / eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in consolidated statement of comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the consolidated statement of profit or loss. However, the decrease is recognised in the consolidated statement of other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in the consolidated statement of comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in the consolidated statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss. The revaluation reserve is not available for distribution to Exchange's shareholders.

## **5.4 Intangible assets**

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to income using the straight-line method.

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

## **5.5 Investment property**

Investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss on remeasurement of investment property at fair value is recognized in consolidated statement of profit or loss. Fair value is evaluated annually by an independent professional valuer. Investment property is derecognized when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized as income in the period of derecognition.

## **5.6 Long term investments**

Investment in associates are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the net assets of the associate. The consolidated statement of profit or loss reflects the Group's share of the results of the operations of the associate.

Where there has been a change recognised in the other comprehensive income the Group recognises its share in its comprehensive income.

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

## 5.7 Financial Instruments

### 5.7.1 Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

### 5.7.2 Classification and subsequent measurement

The Group classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

#### Financial assets

The Group classifies its financial assets as subsequently measured at amortised cost or measured at Fair value through other comprehensive Income (FVOCI) on the basis of both:

- The entity's business model for managing The financial assets
- The contractual cash flow characteristics of the financial asset

#### - Debt instruments at FVOCI

These assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Debt instruments are subject to impairment under Expected Credit Loss model. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon de-recognition of the assets.

#### - Equity instruments at FVOCI

Upon initial recognition, the Group elects to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Groups's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument by instrument basis.

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## - **Financial assets at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subject to impairment under Expected Credit Loss model.

### **Financial liabilities**

All financial liabilities of the Group are subsequently measured at amortised cost using effective interest method.

### **5.7.3 De-recognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Group has:

- a) Transferred substantially all of the risks and rewards of the asset; or
- b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### **5.7.4 Impairment of financial assets**

Loss allowances for trade debts and other receivables are always measured applying simplified approach at an amount equal to lifetime ECLs.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The default rates are benchmarked and adjusted for forward looking information and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates which is then adjusted for forward looking information.

### **5.7.5 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the consolidated statement of financial position of the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.



# Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

## 5.8 Loans, advances and deposits

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

## 5.9 Cash and cash equivalents

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

## 5.10 Provisions

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

## 5.11 Revenue recognition

- The Group recognises revenue from initial listing and further issues over a period the Group discharges its performance obligation in relation to listing services. The Group recognises revenue from annual listing fee on a straight-line basis over the period to which the fee relates, as this reflects the extent of the Group's progress towards completion of the performance obligation under the contract.
- Income pertaining to trading by members is recognized at the trade date to which the transaction pertains when the obligation to provide trading services has been fulfilled.
- Income pertaining to non-trading fee and facilities and equipment services are recognized over the period of use as PSX meets its obligation to provide services, which are provided both at a point in time and over a period of time.
- Income from regulatory fee is recognized on accrual basis.
- Income from membership fee is recognized over a period of twelve months on straight line basis.
- Rental income is recognized over a period of twelve months on straight line basis.
- Return on investments and bank balances is recognised on time proportionate basis.

## 5.12 Taxation

### Current

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

### Deferred

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

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

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

### 5.13 Staff retirement benefit

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

### 5.14 Impairment

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

### 5.15 Foreign currency translation

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

### 5.16 Accounting estimates and judgements

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

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

	<b>Notes</b>
- Determination of useful lives of property and equipment and intangible assets	5.1, 5.2, 5.3, 5.4, 6 and 7
- Classification and valuation of investments	5.7.2, 8, 9 and 10
- Valuation of investment property	8
- Provisions and contingencies	5.10 and 23
- Impairment of financial assets (ECL)	5.7.4
- Provision for taxation and deferred tax	5.12
- Provision for gratuity	5.13
- Revenue recognition	5.11

## 6. PROPERTY AND EQUIPMENT

	<b>Note</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
----- (Rupees in '000) -----			
Operating fixed assets - tangible	6.1	4,329,943	4,461,822
Capital work-in-progress		14,618	34,003
		4,344,561	4,495,825

# Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

## 6.1 Operating Fixed Assets – Tangible

	June 30, 2023										
	Revaluation / Cost					Accumulated depreciation					Written Down Value
	As at July 01, 2022	Additions / (Disposals)	Transfer to Investment Property	Revaluation surplus during the year	As at June 30, 2023	Rate / period	As at July 01, 2022	Charge for the year / (deletions)	Transfer to Investment Property	As at June 30, 2023	As at June 30, 2023
	(Rupees in '000)						(Rupees in '000)				
Leasehold land	2,724,387	-	-	-	2,724,387	99 years	-	-	-	-	2,724,387
Building on leasehold land	1,594,169	20,976	(18,390)	-	1,596,755	5%	191,630	71,052	(2,990)	259,692	1,337,063
Lift, generators and electric installation	109,652	2,237	-	-	111,889	25%	45,136	16,473	-	61,609	50,280
Furniture and fixtures	20,758	2,912	-	-	23,670	20%	13,520	1,970	-	15,490	8,180
Office equipment	126,638	8,581	-	-	133,442	20%	86,715	9,373	-	94,627	38,815
Computers and related accessories	742,667	17,066	-	-	756,323	20% & 33.33%	529,262	77,584	-	603,718	152,605
Vehicles	20,506	11,204	-	-	31,150	20%	10,692	2,085	-	12,537	18,613
		(560)			(240)						
	5,338,777	62,976	(18,390)	-	5,377,616		876,955	178,537	(2,990)	1,047,673	4,329,943
		(5,747)						(4,829)			

June 30, 2022

	Revaluation / Cost			Revaluation surplus during the year	As at June 30, 2022	Rate / period	Accumulated depreciation			As at June 30, 2022	Written Down Value
	As at July 01, 2021	Additions / (Disposals)	Transfer to Investment Property				As at July 01, 2021	Charge for the year / (deletions)	Transfer to Investment Property		
Leasehold land	2,666,078	-	-	58,309	2,724,387	99 years	-	-	-	-	2,724,387
Building on leasehold land	1,342,843	14,148	(21,293)	258,471	1,594,169	5%	133,831	60,854	(3,055)	191,630	1,402,539
Lift, generators and electric installation	70,219	7,547	-	31,886	109,652	25%	35,043	10,093	-	45,136	64,516
Furniture and fixtures	18,003	2,755	-	-	20,758	20%	11,860	1,660	-	13,520	7,238
Office equipment	124,262	2,376	-	-	126,638	20%	76,821	9,894	-	86,715	39,923
Computers and related accessories	550,925	191,888	-	-	742,813	20% & 33.33	450,083	79,219	-	529,262	213,405
		(146)						(40)			
Vehicles	24,736	1,080	-	-	20,506	20%	11,582	2,401	-	10,682	9,814
		(5,310)						(3,291)			
	4,797,066	219,794	(21,293)	348,666	5,338,777		719,220	164,121	(3,055)	876,955	4,461,822
		(5,456)						(3,331)			

**6.1.1** Cost of fully depreciated assets amounts to Rs. 421.579 (2022: Rs. 353.39) million.

**6.1.2** The forced sale value of the above mentioned assets which were subject to revaluation determined on the basis of latest revaluation carried out as at 30 June 2023 amounting to Rs. 3,353.15 million.



# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

7 INTANGIBLE ASSETS	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
Operating intangibles	7.1	877,497	82,096
Intangibles under development (CWIP)	7.2	19,116	716,981
		<u>896,613</u>	<u>799,077</u>

### 7.1 Operating intangibles

	June 30, 2023							
	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at July 01, 2022	Additions	As at June 30, 2023		As at July 01, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
Computer software	422,976	542,845 (Note 7.1.2)	965,821	10 - 25	398,964	23,143	422,107	543,714
Internally developed software and market products	398,376	311,532	709,908	25	340,292	35,833	376,125	333,783
	<u>821,352</u>	<u>854,377</u>	<u>1,675,729</u>		<u>739,256</u>	<u>58,976</u>	<u>798,232</u>	<u>877,497</u>
	June 30, 2022							
	COST			Rate	ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE
	As at July 01, 2021	Additions	As at June 30, 2022		As at July 01, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
Computer software	409,667	13,309	422,976	25	382,012	16,952	398,964	24,012
Internally developed software and market products	369,735	28,641	398,376	25	307,095	33,197	340,292	58,084
	<u>779,402</u>	<u>41,950</u>	<u>821,352</u>		<u>689,107</u>	<u>50,149</u>	<u>739,256</u>	<u>82,096</u>

**7.1.1** Cost of fully amortised assets amounts to Rs. 676.934 (2022: Rs. 633.75) million.

**7.1.2** During the year, the Company capitalized a new trading system known as NTS amounting to Rs. 530.77 million. NTS has replaced the previous trading system (KATS) with effect from 15 May 2023.



	June 30, 2023	June 30, 2022
<b>7.2 Intangibles under development (CWIP) - Softwares</b>	----- (Rupees in '000) -----	
Opening balance	716,981	635,020
Additions during the year	129,161	101,539
Transfers to operating intangibles	(827,026)	(19,578)
Closing balance	<u>19,116</u>	<u>716,981</u>

## 8 INVESTMENT PROPERTY

This represents office spaces in PSX's buildings. The Company carries the investment property at fair value and the latest fair valuation was carried out by Iqbal A.Nanjee & Company (Private) Limited at 30 June 2023, which resulted in fair value gain of Rs. 4.01 million. The forced sales value of the property as at 30 June 2023 is Rs. 468.596 million.

	Note	June 30, 2023	June 30, 2022
<b>9 LONG TERM INVESTMENTS</b>	----- (Rupees in '000) -----		
Associates	9.1	3,532,257	3,371,839
FVOCI	9.2	112,163	98,185
		<u>3,644,420</u>	<u>3,470,024</u>

## 9.1 INVESTMENT IN ASSOCIATES

Central Depository Company of Pakistan Limited (CDC) 139,328,000 (2022: 119,424,000) shares having face value of Rs. 10/- each	9.1.1	2,357,362	2,217,063
National Clearing Company of Pakistan Limited (NCCPL) 50,131,809 shares having face value of Rs. 10/- each	9.1.1	1,096,443	1,079,606
EClear Services Limited 7,500,000 shares having face value of Rs. 10/- each	9.1.1	78,452	75,170
		<u>3,532,257</u>	<u>3,371,839</u>

# Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

## 9.1.1 Reconciliation of changes in carrying value of investment in associates

	June 30, 2023			
	CDC	NCCPL	E-Clear Services	Total
	----- (Rupees in '000) -----			
Opening balance	2,217,063	1,079,606	75,170	3,371,839
Share of profit for the year	338,147	119,208	3,282	460,637
Actuarial loss on employees' gratuity fund	(6,939)	(6,321)	-	(13,260)
Dividend received during the year	(190,909)	(96,050)	-	(286,959)
Closing balance	<u>2,357,362</u>	<u>1,096,443</u>	<u>78,452</u>	<u>3,532,257</u>
	June 30, 2022			
	CDC	NCCPL	E-Clear Services	Total
	----- (Rupees in '000) -----			
Opening balance	2,083,183	1,124,111	36,000	3,243,294
Addition during the year	-	-	39,000	39,000
Share of profit for the year	322,858	171,361	170	494,389
Actuarial loss on employees' gratuity fund	(6,857)	(1,808)	-	(8,665)
Dividend received during the year	(182,121)	(214,058)	-	(396,179)
Closing balance	<u>2,217,063</u>	<u>1,079,606</u>	<u>75,170</u>	<u>3,371,839</u>

**9.1.1.1** As of 30 June 2023, the carrying value of Company's investment in NCCPL amounts to Rs 1,096 million against the break up value of Rs 1,067 million. However, in accordance with its accounting policy, the Company has assessed the recoverable amount of investment in NCCPL using the income approach and determined that the recoverable amount is higher than its carrying value. Accordingly, no impairment is required in this respect.

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

Name of associate	June 30, 2023					
	Country of incorporation	Total assets	Total liabilities	Profit	Revenue	Interest held %
----- (Rupees in '000) -----						
<b>CDC</b> Break-up value of each ordinary share of Rs.10 is Rs.18.83 based on the financial statements available for the year ended 30 June 2023.	Pakistan	7,925,327	1,333,494	849,401	2,473,564	39.81
<b>NCCPL</b> Break-up value of each ordinary share of Rs.10 is Rs 21.28 based on the financial statements for the year ended 30 June 2023.	Pakistan	16,933,776	14,787,770	239,807	1,220,540	49.71
<b>E-Clear Services</b> Break-up value of each ordinary share of Rs.10 is Rs 10.30 based on the financial statements for the year ended 30 June 2023.	Pakistan	624,584	315,720	13,129	19,349	25.00
		25,483,687	16,436,984	1,102,337	3,713,453	

Name of associate	June 30, 2022					
	Country of incorporation	Total assets	Total liabilities	Profit	Revenue	Interest held %
----- (Rupees in '000) -----						
<b>CDC</b> Break-up value of each ordinary share of Rs.10 is Rs.20.92 based on the financial statements available for the year ended 30 June 2022.	Pakistan	7,391,293	1,116,205	810,998	2,310,170	39.81
<b>NCCPL</b> Break-up value of each ordinary share of Rs.10 is Rs 20.95 based on the financial statements for the year ended 30 June 2022.	Pakistan	19,302,606	17,189,730	345,445	1,129,326	49.71
<b>E-Clear</b> Break-up value of each ordinary share of Rs.10 is Rs 9.86 based on the financial statements for the year ended 30 June 2022.	Pakistan	561,436	265,702	2,439	4,937	25.00
		27,255,335	18,571,637	1,158,882	3,444,433	

# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

### 9.2 At FVOCI - related parties

Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----		
	25,266	23,367
9.2.1	86,897	74,818
	<u>112,163</u>	<u>98,185</u>

#### VIS Credit Rating Company Limited, a related party

250,000 ordinary shares of Rs.10 each, representing, 12.50% shareholding.

#### Pakistan Mercantile Exchange Limited (PMEX)

8,909,052 ordinary shares of Rs.10 each, representing 28.41% (2022: 28.41%) shareholding.

9.2.1 As PMEX operates under close regulatory supervision, the Company believes that it cannot exercise significant influence in the affairs of PMEX solely on the basis of shareholding / voting rights as investor in PMEX hence, the investment is not accounted for as an associate investment.

### 10 LONG TERM DEPOSITS

Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----		
	33,819	33,819
	2,790	2,790
	5,802	5,802
	<u>42,411</u>	<u>42,411</u>

Earnest money

Utilities

Others

### 11 LONG TERM LOANS

Employees - Considered good

Current portion of long term loans to employees

11.1	33,890	31,729
13	(13,393)	(13,647)
	<u>20,497</u>	<u>18,082</u>

11.1 These personal loans are sanctioned for the purchase of motorcycles and other domestic purposes. These are secured against the outstanding balances in the Employees' Gratuity Fund. These are recoverable in monthly instalments over a period, with original maturity between 3 and 5 years and are interest free. All outstanding long term loans at the year end will mature within two to four years.

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
<b>12</b>	<b>TRADE DEBTS</b>		
	<b>Unsecured</b>		
	<b>Considered good</b>		
	Due from members	68,367	55,701
	Due from companies	117,942	62,846
		186,309	118,547
	<b>Considered doubtful</b>		
	Due from companies	63,375	55,875
		249,684	174,422
	Allowance for ECL	(63,375)	(55,875)
		186,309	118,547
<b>12.1</b>	<b>Allowance for ECL</b>		
	Opening balance	55,875	48,872
	Charge for the year	7,500	7,003
	Closing balance	63,375	55,875
<b>13</b>	<b>LOANS AND ADVANCES</b>		
	<b>Loans - secured, considered good</b>		
	- Current portion of long term loans to employees	13,393	13,647
	<b>Advances, considered good</b>		
	- Employees	43,562	33,369
	- Suppliers	1,140	3,204
		44,702	36,573
		58,095	50,220
<b>14</b>	<b>OTHER RECEIVABLES</b>		
	Due from non-members	35,272	27,758
	Due from an ex-member	6,574	6,574
	Rent receivable	26,450	28,532
	Others	22,618	18,141
		90,914	81,005
	Less: Allowance for ECL	(1,200)	(1,200)
		89,714	79,805

# Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

**14.1** This represents amount due from an ex-member upon the cancellation of his membership and declaration as a defaulter. As a result thereof, certain shares of the ex-member were taken over by the Company in order to square up the ex-member's position and are held pending the outcome of a law suit brought against the Company by him in the Honourable High Court of Sindh (the Court). The market value of these shares (including bonus shares) as at 30 June 2023 amounted to Rs. 17.731 (2022: Rs.21.451) million. Further, as disclosed in note 16.2, bank balances include dividend/bank profit of Rs.15.621 and Rs. 21.478 (2022: Rs. 14.446 and Rs. 17.412 million) million respectively.

## 15 SHORT TERM INVESTMENTS - at amortised cost

These represent Market Treasury Bills having cost of Rs. 2,081.200 (30 June 2022: Rs. 2,078.120) million and interest accrued thereon of Rs. 100.445 (30 June 2022: Rs. 57.165) million. The effective rate of return is 20.54% (30 June 2022: 11.91%) per annum. These will mature latest by December 2023. These include Rs. 695.669 (2022: Rs. 647.147) million from defaulter / expelled / suspended members and Rs. 423.450 (2022: Rs. 463.897) million pertaining to base minimum capital.

	Note	June 30, 2023	June 30, 2022
<b>16 CASH AND BANK BALANCES</b>		----- (Rupees in '000) -----	
<b>With banks:</b>			
Current accounts		151	816
PLS accounts in foreign currency		93,267	64,362
local currency	16.1 & 16.2	263,846	213,423
		357,113	277,785
<b>In hand</b>		17	23
		<u>357,281</u>	<u>278,624</u>

**16.1** Rate of return on PLS accounts varies from 12.25% to 19.75% (2022: 5.5% to 12.5%) per annum. However, the effective rate for the year is 15.20% (2022: 7.32%) per annum.

	Note	June 30, 2023	June 30, 2022
<b>16.2 These include the following balances:</b>		----- (Rupees in '000) -----	
Dividend / bank profit	14.1	37,099	31,858
Members basic deposits		34,129	11,386
Deposits against arbitration		2,443	8,596
Proceeds from divestments/ Membership card	22.1	143,573	98,544
Dara F. Dastoor scholarship fund		2,005	2,005
Unclaimed Dividend		1,429	1,429

17	<b>SHARE CAPITAL</b>			June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
	June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
	----- (Number of Shares) -----						----- (Rupees in '000) -----	
			<b>Authorised capital</b>					
	1,000,000,000	1,000,000,000	Ordinary shares of Rs.10/- each	10,000,000	10,000,000			
			<b>Issued, subscribed and paid-up capital</b>					
	801,476,600	801,476,600	Ordinary shares of Rs. 10/- each- (other than cash)	8,014,766	8,014,766			

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

**17.2** The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction.

18	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
<b>REVALUATION SURPLUS ON PROPERTY AND EQUIPMENT - net</b>			
Balance as of 01 July 2022		968,015	959,907
Surplus arising during the year		-	348,666
Transferred to unappropriated profit on account of incremental depreciation charged thereon		(52,467)	(32,601)
<b>Related deferred tax liability:</b>		915,548	1,275,972
Opening balance		-	(198,347)
Tax effect of surplus arising on revaluation of property and equipment during the year		-	(119,062)
Tax effect of incremental depreciation charged during the year on related assets transferred to statement of profit or loss		17,314	9,452
Closing balance		17,314	(307,957)
Balance as of 30 June 2023		932,862	968,015

## 19 LONG TERM DEPOSITS

Clearing house deposits from members	19.1	448,673	475,578
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**19.1** These include Rs. 436.113 (2022: Rs. 461.808) million cash deposit placed by TREC holders against the Base Minimum Capital requirement with the Exchange in accordance with the Rule Book of PSX.

# Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

20	LONG TERM PAYABLE	Note	June 30, 2023	June 30, 2022
			----- (Rupees in '000) -----	
	Long term payable	20.1	397,600	346,201
	Less: current portion of long term payable		(308,469)	(110,323)
			<u>89,131</u>	<u>235,878</u>

**20.1** It represents USD 1.385 million against the purchase of Trading and Surveillance System from Shenzhen Stock Exchange (a related party). The amount is payable in 4 yearly installments latest by December 2024.

21	DEFERRED TAX LIABILITY	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
<b>Taxable temporary differences arising from:</b>			
	Accelerated tax depreciation	414,263	450,943
	Unrealised gain on revaluation of investment property	100,681	100,681
	Unrealised gain on revaluation of investment at FVOCI	6,623	3,965
	Investment in associates	12,408	15,646
		<u>533,975</u>	<u>571,235</u>
	Carry forward tax losses	(336,062)	(341,757)
	Provisions	(98,116)	(84,880)
	Unrealised exchange loss	(35,092)	(22,161)
		<u>(469,270)</u>	<u>(448,798)</u>
		<u>64,705</u>	<u>122,437</u>

**21.1 Movement of deferred tax liability**

Opening balance	122,437	69,902
Charged to statement of profit or loss	(49,627)	(58,846)
Charged to statement of comprehensive income	(8,105)	111,381
Closing balance	<u>64,705</u>	<u>122,437</u>



22	<b>TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
		----- (Rupees in '000) -----		
	Creditors - capital expenditure		28,788	41,926
	Accrued expenses		282,842	241,003
	Deposits against arbitration		2,443	8,596
	Provision for staff bonus		24,975	46,014
	Fees and rent received in advance		162,862	74,310
	Amount held against defaulter / expelled / suspended members	22.1	839,242	745,691
	Interest payable on BMC deposits	22.2	22,975	14,198
	Provision for Wealth Tax		1,684	1,684
	Employees' Gratuity Fund	22.3	246,087	212,887
	Sales tax payable		26,749	8,225
	SECP supervision / transaction fee		5,065	5,246
	RDA Campaign		14,956	32,820
	Centralized Customer Protection Fund (CCPF) 0.1% of total revenue		452	419
	Others		66,787	68,040
			<u>1,725,908</u>	<u>1,501,059</u>

**22.1** This represents amount obtained on disposal of membership cards and sale proceeds received from sale of 40% divestment and 20% from public offering of PSX shares of defaulter / expelled / suspended members, from LSE Financial Services Limited and ISE tower REIT Management Company Limited including profit accrued thereon, deposited in a separate bank account amounting to Rs 143.573 million to be utilised for the settlement of dues of the defaulter members, including investors claim, if any. The remaining amount of Rs.695.669 million is invested in Market Treasury Bills.

**22.2** This represents interest payable on amount deposited with the Company on account of Base Minimum Deposits by TREC holders.

22.3	<b>Employees' Gratuity Fund</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
		----- (Rupees in '000) -----	
		<u>246,087</u>	<u>212,887</u>

22.3.1	<b>Principal actuarial assumptions</b>	----- (% Per annum) -----	
	Discount rate	17.80%	13.25%
	Increase in salaries	12.50%	9.30%
	Expected return on plan assets	17.80%	13.25%
	Mortality rates	SLIC 2001-05	SLIC 2001-05
	Rate of employee turnover	Moderate	Moderate

# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
<b>22.3.2 Liability recognised in the statement of financial position:</b>	----- (Rupees in '000) -----	
Present value of obligations	311,053	271,584
Fair value of plan assets	(64,966)	(58,697)
	<u>246,087</u>	<u>212,887</u>
<b>22.3.3 Expense recognised in statement of profit or loss</b>		
Current service cost	20,489	21,039
Interest cost	32,349	25,158
Expected return on plan assets	(7,130)	(6,126)
	<u>45,708</u>	<u>40,071</u>
<b>22.3.4 Movement in the liability recognised in the statement of financial position:</b>		
Opening balance	212,887	209,309
Charge for the year	45,708	40,071
Actuarial loss recognised in other comprehensive income	32,608	1,487
Contribution	(45,116)	(37,980)
Closing balance	<u>246,087</u>	<u>212,887</u>
	----- (% Per annum) -----	
<b>22.3.5 Actual return on plan assets</b>	<u>27.33%</u>	<u>9.61%</u>
<b>22.3.5.1</b> The actual return on plan assets was determined by considering the market expectations and depends upon the assets portfolio of the fund, at the beginning of the year, for returns over the entire life of the related obligation.		
	June 30, 2023	June 30, 2022
<b>22.3.6 Movement of present value of defined benefit obligations</b>	----- (Rupees in '000) -----	
Opening balance	271,584	273,051
Current service cost	20,489	21,039
Interest cost	32,349	25,158
Total benefits paid	(54,886)	(42,933)
Actuarial loss on obligation	41,517	(4,731)
Closing balance	<u>311,053</u>	<u>271,584</u>
<b>22.3.7 Movement of fair value of plan assets</b>		
Opening balance	58,697	63,742
Return on plan assets	7,130	6,126
Contributions	45,116	37,980
Benefits paid by the fund	(54,886)	(42,933)
Actuarial loss on assets	8,909	(6,218)
Closing balance	<u>64,966</u>	<u>58,697</u>

	June 30, 2023	June 30, 2022
<b>22.3.8 Remeasurements recognised in Other Comprehensive expense during the year</b>	----- (Rupees in '000) -----	
Actuarial (loss) / gain on obligation	(41,517)	4,731
Actuarial gain / (loss) on assets	8,909	(6,218)
	<u>(32,608)</u>	<u>(1,487)</u>

	Fair Value as at June 30, 2023		Fair Value as at June 30, 2022	
	(Rupees in '000)	%	(Rupees in '000)	%
Government securities	49,919	76.84%	50,670	86.32%
Cash and net current assets	15,047	23.16%	8,027	13.68%
	<u>64,966</u>	<u>100%</u>	<u>58,697</u>	<u>100%</u>

#### Historical information

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	311,053	271,584	273,051	246,890	205,990
Fair value of plan assets	(64,966)	(58,697)	(63,742)	(74,056)	(81,806)
<b>Funding surplus</b>	<u>246,087</u>	<u>212,887</u>	<u>209,309</u>	<u>172,834</u>	<u>124,184</u>
Experience adjustment on plan liabilities	(41,517)	4,731	(42,811)	(56,562)	(8,976)
Experience adjustment on plan assets	8,909	(6,218)	984	16,256	(10,978)

	June 30, 2023	June 30, 2022
<b>22.3.10 Maturity profile of the defined benefit obligation</b>	----- (Rupees in '000) -----	
Distribution of timing of benefit payments within the next 12 months (next annual reporting period)	9,237	16,017
between 2 and 5 years	103,431	79,110
between 6 and 10 years	247,152	185,779
Beyond 10 years	779,306	753,130

#### 22.3.11 Sensitivity Analysis on significant actuarial assumptions: Actuarial Liability

	Present value (Rupees in '000)	Percentage
Discount Rate +1%	300,127	-3.51%
Discount Rate -1%	322,731	3.75%
Long Term Salary Increases +1%	323,190	3.90%
Long Term Salary Increases -1%	299,530	-3.70%

**22.3.12** Investments out of gratuity fund have been made in accordance with the provisions of Section 218 to the Act and the rules formulated for this purpose.

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Tax related contingencies

S.no	Case Number	Name of the Court/ Agency/ Authority	Date Instituted	Principal Parties	Description
1	CPLA # 774	Supreme Court of Pakistan	2022	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 13 April 2018 pertaining to Tax year 2012 claiming Sindh Sales Tax (SST) amounting to Rs.50.517 million- along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.
2	CPLA # 775	Supreme Court of Pakistan	2022	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 25th April,2018 pertaining to Tax year 2013 claiming Sindh Sales Tax (SST) amounting to Rs.56.204 million along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.
3	CPLA # 3338	Supreme Court of Pakistan	2021	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 11 May 2019 pertaining to Tax year 2014 claiming Sindh Sales Tax (SST) amounting to Rs.76.955 million along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.
4	CPLA # 784	Supreme Court of Pakistan	2022	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 11 May 2019 pertaining to Tax year 2018 claiming Sindh Sales Tax (SST) amounting to Rs.4.645 million along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.
5	CPLA # 776	Supreme Court of Pakistan	2022	PSX vs SRB	PSX received show cause notice from Sindh Revenue Board dated 25 April 2019 pertaining to Tax year 2017 claiming Sindh Sales Tax (SST) amounting to Rs.5.278 million along with default surcharge. SRB has served these notices on the understanding that PSX has provided/rendered taxable services covered under tariff heading 9825.0000 and 98.13 of Second Schedule to the Sindh Sales Tax Act, 2011 and therefore such services should have been taxed and deposited accordingly. In view of the same, case had been filed against the above notice received by SRB, however, Sindh High Court dismissed the petition filed. PSX has filed present CPLA before the Supreme Court of Pakistan challenging above-referred dismissal order of the Sindh High Court. The case is still pending before the Honourable Supreme Court of Pakistan.

The cumulative financial impact of sales tax related contingencies is estimated to be Rs 193 (2022: Rs.193) million.

## 23.2 Contingencies relating to PSX's operations

S.no	Case Number	Name of the Court/ Agency/ Authority	Date Instituted	Principal Parties	Description	Relief Sought
1	Suit # 950/97	High Court of Sindh	09-08-1997	Naeem Rana & 5 Others vs. 1. M. Rashid Jamal (MRJ) 2. Faisal Jamal 3. PSX	A lawsuit was filed by five investors against the Company and an ex-member for declaration, injunction and recovery of damages, aggregating to Rs.70.00 (2022: Rs.70.00) million together with interest thereon. The investors alleged that the Company had unlawfully taken possession and disposed off some shares belonging to the petitioners that were lying with the ex-member. The legal advisor of the Company considers that above mentioned lawsuit is expected to be decided in favour of the Company. Hence, no provision has been made in the financial statements for any liability that may arise as a result of these lawsuits.	The plaintiffs has filed the present suit against PSX and its ex-member for declaration, injunction and recovery of damages, aggregating to Rs.70.00 million together with interest thereon. The matter was fixed on 11.01.2022 for argument, discharged & adjourned to date in office.
2	C.P. # 786/2008	High Court of Sindh	30-04-2008	PSX Vs. Federation of Pakistan & Competition Commission of Pakistan	The Islamabad Stock Exchange (Guarantee) Limited filed a complaint with the Competition Commission of Pakistan (CCP) against the Company alleging abuse of its dominant position in securities market in contravention of Section 3 of the Competition Ordinance, 2007. The CCP passed directed the Company to take corrective measures along with the other exchanges of Pakistan and in case of failure to comply with the direction of the CCP, the Company will be liable to pay a penalty of Rs. 50 (2022: Rs.50) million and additional penalty of Rs.250,000 per day for each day of non-compliance. The Company has filed an appeal before the Supreme Court against the CCP's Order. As per the legal advisor, the Company has a reasonable case in respect of the above. Hence, no provision for any liability which may arise in this regard has been made in the financial statements.	Islamabad Stock Exchange had filed a complaint with Competition Commission against PSX alleging abuse of its dominant position in securities market in contravention of Section 3 of the Competition Ordinance, 2007. PSX filed its reply to the Commission. However, the Commission, without giving due consideration to the PSX's reply, issued a Show Cause Notice to PSX for taking action under the Ordinance. Thereupon, PSX filed this Petition in the Court seeking its order, among others, for declaring the Show Cause Notice as unlawful.
3	Suit No. 1086 /2017	High Court of Sindh	26/4/2017	PSX Vs. KW&SB & Others	During the year 2016-17, the Company has received a demand notice amounting to Rs. 32.19 million from Karachi and Water Sewerage Board (KWSB) in respect of water, sewerage, conservancy and fire charges. However, the Company is of the view, that since the Company is not receiving any sort of utilities from KWSB therefore, such demand is not valid. In view of the same, a case has been filed by the Company in the court of law against the above demand of KWSB. The matter is currently pending adjudication and based on the view of the legal advisor of the Company positive outcome is expected in favour of the Company and hence no provision has been made by the management against the above demand in these financial statements.	After, disposal of case in Supreme Court, KW&SB again demanded Rs.32.167 million from the Exchange on account of water and sewerage service charges and stated that in case of failure to pay they will disconnect the existing service pipelines of water and sewerage connections of the Exchange. Consequently, the Exchange filed Suit No.1086/2017 for Declaration, Permanent Injunction & Other Relieves in the Sindh High Court.
4	Suit No. 639 /2003	High Court of Sindh	29/5/2003	M/s. Shafi Chemical Industries vs. Mr. Arif Habib, Mr. Salim Chamdia, Mr. Aqeel Karim Dhedhi, Mr. Shahid Ghaffar, PSX, SECP & CDC	This is a suit for Declaration, Injunction and Damages of about Rs. 1.7 billion. It has been alleged that due to unlawful and malafide acts of Defendants the securities deposited by Plaintiff with his brokers were made worthless and he suffered losses. The written statement prepared by our counsel on behalf of former directors and PSX has been filed in court. The case fixed for hearing of application is being adjourned from time to time on the request of Plaintiff's advocate.	However, a decree for only Rs. 49.77 million has been sought against the PSX.

The cumulative financial impact of contingencies related to PSX's operations is estimated to be Rs 202 (2022: Rs.202) million.

# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

### 23.3 Other contingencies

The Inspecting Additional Commissioner raised an additional demand in respect of wealth tax amounting to Rs. 19,184 million for assessment years 1996-97 to 1999-2000 against which various appeals have been filed by the Company with the Income Tax Appellate Tribunal (ITAT). During the year ended 30 June 2002, the ITAT on appeals filed by the Company allowed relief to the Company by cancelling the wealth tax orders and allowing exemption under the Wealth Tax Act 1963. Against this decision of the ITAT, during the year ended 30 June 2007, the Income Tax Department filed an appeal with the Court.

**23.4** The total cumulative impact of contingencies stated in note 23.1, 23.2 and 23.3 amounts to Rs 414 (2022: Rs.420) million. The management of the Company, based on legal advisors opinions, believes that the Company has reasonable position in respect of these litigations. Hence, no provision for any liability which may arise in this regard has been made in these financial statements.

### 23.5 Commitments

IT maintenance charges

	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----		

179,438	128,750
---------	---------

### 24 LISTING FEE

Annual fee  
Initial / first year fee

575,123	552,456
138,812	129,395
<u>713,935</u>	<u>681,851</u>

### 25 INCOME FROM EXCHANGE OPERATIONS

Trading fee  
Facilities and equipment fee  
Income from non-trading facilities  
Regulatory fee  
Membership fee  
Other fee

180,467	270,426
179,213	185,065
104,013	91,020
33,534	51,579
2,790	2,820
10,135	6,110
<u>510,152</u>	<u>607,020</u>

### 26 MARK-UP / INTEREST INCOME

Government securities  
PLS saving accounts

147,247	91,630
27,874	15,652
<u>175,121</u>	<u>107,282</u>



27	OPERATING AND ADMINISTRATIVE EXPENSES	Note	June 30,	June 30,
			2023	2022
			----- (Rupees in '000) -----	
	Salaries and other benefits	27.1	792,304	712,725
	Rent, rates and taxes		20,178	18,213
	Fuel and power		79,804	62,155
	Repairs and maintenance		82,107	67,514
	Computer maintenance and related expenses		170,233	147,553
	Insurance		20,708	21,495
	Printing and stationery		7,416	4,296
	Donations	27.2	1,733	7,681
	Auditors' remuneration	27.3	3,596	2,819
	Legal and professional charges		22,660	29,447
	Depreciation	6.1	178,537	164,121
	Amortisation	7.1	58,976	50,149
	Travelling and conveyance		6,049	2,137
	General office expense		9,272	6,443
	Receptions, meetings and functions		16,986	15,374
	Contribution to IPF 0.1%		1,824	1,890
	Advertisement, marketing and development		27,203	46,300
	SECP supervision fee		12,241	12,889
	Allowance for ECL	12.1	7,500	7,003
	Security expenses		25,267	21,680
	Subscription fee		18,580	8,787
	Training and development		2,031	4,124
	Other expenses		9,394	11,828
			<u>1,574,599</u>	<u>1,426,623</u>

**27.1** Included herein is a sum of Rs.45.708 (2022: Rs.40.071) million in respect of retirement benefits.

**27.2** Donations are paid to Orange Tree Foundation, SINA Health Education & Welfare and Karachi Relief Trust as per the policy approved by Board of Directors, in which none of the directors of the Company is interested in any capacity.

# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
<b>27.3 Auditors' remuneration</b>		
Audit fee	1,750	945
Fee for review of interim financial information	445	343
Special audit fee	750	-
Fee for review of Code of Corporate Governance	55	55
Other certifications	299	1,220
Out of pocket expenses	297	256
	<u>3,596</u>	<u>2,819</u>
<b>28 OTHER EXPENSES - net</b>		
Exchange loss	(106,340)	(67,156)
Gain on sale of fixed assets	878	2,524
Dividend income	1,625	500
Others	2,808	2,784
	<u>(101,029)</u>	<u>(61,348)</u>
<b>29 TAXATION</b>		
Current	79,584	118,669
Prior	-	1,605
Deferred	(49,627)	(58,848)
	<u>29,957</u>	<u>61,426</u>
<b>29.1</b>	The numerical reconciliation is not provided as the tax charge of the Company mainly comprise of minimum tax and tax at reduced rates under the relevant sections of Income Tax Ordinance, 2001.	
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
<b>30 BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit after taxation (Rupees in '000)	<u>219,589</u>	<u>398,713</u>
Weighted average number of ordinary shares outstanding during the year	<u>801,476</u>	<u>801,476</u>
Basic and diluted earnings per share (Rupees)	<u>0.27</u>	<u>0.50</u>



**31 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

	<b>June 30, 2023</b>			
	<b>Chief Executive Officer</b>	<b>Directors</b>	<b>Executives</b>	<b>Total</b>
	<b>----- (Rupees in '000) -----</b>			
Managerial Remuneration	58,177	-	528,916	587,093
Annual performance payout	19,500	-	16,720	36,220
Gratuity	-	-	32,919	32,919
Fees	-	14,325	-	14,325
	<u>77,677</u>	<u>14,325</u>	<u>578,555</u>	<u>670,557</u>
Number	<u>1</u>	<u>10</u>	<u>114</u>	

	<b>June 30, 2022</b>			
	<b>Chief Executive Officer</b>	<b>Directors</b>	<b>Executives</b>	<b>Total</b>
	<b>----- (Rupees in '000) -----</b>			
Managerial Remuneration	50,290	-	418,166	468,456
Annual performance payout	18,406	-	-	18,406
Gratuity	-	-	25,101	25,101
Fees	-	12,875	-	12,875
	<u>68,696</u>	<u>12,875</u>	<u>443,267</u>	<u>524,838</u>
Number	<u>1</u>	<u>10</u>	<u>99</u>	

**31.1** The Chief Executive Officer (CEO) of the Company has also been provided with the free use of Company owned and maintained car.

**32 RELATED PARTY TRANSACTIONS**

The related parties comprise of associates, staff gratuity fund, directors and key management personnel.



# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
<b>32.1 Following are the details of transactions with related parties:</b>		
<b>Listing Fee</b>		
<b>Common Directorship</b>		
Power Cement Limited	2,105	2,275
Fauji Foods Limited	20,905	17,443
Samba Bank Limited	2,269	-
Sui Southern Gas Company Limited	1,599	1,855
Engro Fertilizers Ltd.	3,219	2,994
The Searle Company Limited	6,599	4,170
United Brands Limited	676	763
IBL Healthcare Limited	1,234	1,278
The Searle Pakistan Limited	1,500	-
<b>Associate</b>		
Habib Bank Limited	4,593	4,777
	<u>44,699</u>	<u>35,555</u>
<b>Facilities and Equipment Fee</b>		
<b>Common Directorship</b>		
Power Cement Limited	12	12
Fauji Foods Limited	12	12
Samba Bank Limited	24	-
Arch Sons	168	226
Sui Southern gas Company Limited	12	12
Engro Fertilizers Ltd.	12	12
The Searle Company Limited	12	12
United Brands Limited	12	12
IBL Healthcare Limited	12	12
<b>Associate</b>		
Habib Bank Limited	527	499
	<u>803</u>	<u>809</u>
<b>LAN Connectivity Charges</b>		
<b>Associate</b>		
National Clearing Company of Pakistan	4,887	5,202
<b>Miscellaneous Income</b>		
Fauji Foods Limited	55	-
Power Cement Limited	55	-
Sui Southern Gas Company Limited	35	-
	<u>145</u>	<u>-</u>

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
<b>Dividend income</b>		
<b>Associate</b>		
Central Depository Company of Pakistan Limited	190,909	182,121
National Clearing Company of Pakistan	96,050	214,058
VIS Credit Rating Company Limited	1,625	500
	<u>288,584</u>	<u>396,679</u>
<b>Rental Income from investment property</b>		
<b>Associate Company</b>		
Central Depository Company of Pakistan Limited	6,417	6,112
National Clearing Company of Pakistan	18,707	17,006
Habib Bank Limited	19,594	17,813
	<u>44,718</u>	<u>40,931</u>
<b>CDC Fee</b>		
<b>Associate Company</b>		
CDC fee - Central Depository Company of Pakistan Limited	3,503	4,703
	<u>3,503</u>	<u>4,703</u>
<b>Annual Subscription Fee &amp; Board Evaluation</b>		
Pakistan Institute of Corporate Governance (PICG)	602	158
	<u>602</u>	<u>158</u>
<b>Retirement benefit plan</b>		
Payment made to gratuity fund during the year	45,116	37,977
	<u>45,116</u>	<u>37,977</u>
<b>Profit bank accounts</b>		
<b>Associate Company</b>		
Habib Bank Limited	13	4
	<u>13</u>	<u>4</u>
<b>Contribution</b>		
<b>Common directorship</b>		
Centralized Customer Protection Fund (CCPF) 0.1% of total revenue	1,824	1,890
	<u>1,824</u>	<u>1,890</u>
<b>Reimbursement of Expenses</b>		
<b>Associate Company</b>		
China Financial Futures Exchange	2,591	2,391
	<u>2,591</u>	<u>2,391</u>

Name	Designation
Farrukh H. Khan	Chief Executive Officer
Ahmed Ali Mitha	Chief Financial Officer
Fakhara Rizwan	Chief Legal and Corporate Affairs Officer
Ajeet Kumar	Chief Regulatory Officer
Syed Adeel Javaid	Chief Information Officer
Farhan Ansari	Chief Internal Audit Officer
Syed Abbas Haider Zaidi	Chief Risk Management Officer

# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
<b>32.2</b>	Following are the details of outstanding balances with related parties:	
<b>Listing Fee Receivable</b>		
Common Directorship		
IBL Healthcare Limited	130	216
The Searle Company Limited	2,429	-
	<u>2,559</u>	<u>216</u>
<b>Facilities and Equipment Receivable</b>		
<b>Common Directorship</b>		
Engro Fertilizers Ltd.	-	24
Samba Bank Limited	24	-
United Brands Limited	36	24
IBL HealthCare Limited	-	24
	<u>60</u>	<u>72</u>
<b>Miscellaneous Income Receivable</b>		
Fauji Foods Limited	55	-
Sui Southern Gas Company Limited	35	-
	<u>90</u>	<u>-</u>
<b>LAN Connectivity Charges Receivable</b>		
<b>Associate Company</b>		
National Clearing Company of Pakistan Limited	10,062	5,175
	<u>548</u>	<u>-</u>
<b>Electric charges payable</b>		
National Clearing Company of Pakistan Limited	548	-
	<u>9,185</u>	<u>8,594</u>
<b>Retirement benefit plan</b>		
Payable to gratuity fund	9,185	8,594
	<u>452</u>	<u>419</u>
<b>Contribution payable 0.1% of Revenue</b>		
<b>Common Directorship</b>		
Centralized Customer Protection Fund (CCPF) 0.1% of total revenue	452	419
	<u>5,659</u>	<u>3,068</u>
<b>Receivable against Expenses</b>		
<b>Associate Company</b>		
China Financial Futures Exchange	5,659	3,068

### 33 FINANCIAL RISK MANAGEMENT

The Company is exposed to the following risks.

### 33.1 Market risk

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

### 33.2 Interest rate risk

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

		<b>June 30, 2023</b>			
		<b>Interest / mark-up bearing</b>			
		<b>Effective yield / mark-up rate %</b>	<b>Upto six months</b>	<b>More than six months</b>	<b>Total</b>
<b>Financial assets</b>		----- (Rupees in '000) -----			
Market Treasury Bills	15.88 - 22.48	2,181,645	-	2,181,645	
Cash and bank balances	12.25 - 19.75	357,113	-	357,113	
		<u>2,538,758</u>	<u>-</u>	<u>2,538,758</u>	
		<b>June 30, 2022</b>			
		<b>Interest / mark-up bearing</b>			
		<b>Effective yield / mark-up rate %</b>	<b>Upto six months</b>	<b>More than six months</b>	<b>Total</b>
<b>Financial assets</b>		----- (Rupees in '000) -----			
Market Treasury Bills	10.63 - 15.08	2,135,286	-	2,135,286	
Cash and bank balances	5.50 - 12.50	277,785	-	277,785	
		<u>2,413,071</u>	<u>-</u>	<u>2,413,071</u>	

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

	Effect on profit	
	June 30, 2023	June 30, 2022
<b>Change in basis point</b>	----- (Rupees in '000) -----	
+ 100	25,388	24,131
- 100	(25,388)	(24,131)

### 33.3 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates mainly relates to long term payable to Shenzhen Stock Exchange amounting to Rs. 397.675 million [US dollars 1.385 million] and the bank balance in saving accounts maintained in US dollars amounting to Rs. 93.267 million [US dollars 0.325 million] (2022: Rs 64.22 million) [US dollars 0.312 million].

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

	Change in US dollar rate	Effect on profit before tax	Effect on reserves
	----- (Rupees in '000) -----		
<b>Assets as at 30 June 2023</b>	+10%	9,327	9,327
	-10%	(9,327)	(9,327)
<b>Liabilities as at 30 June 2023</b>	+10%	39,767	39,767
	-10%	(39,767)	(39,767)

### 33.4 Credit risk

33.4.1 Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The table below shows the maximum exposure to credit risk:

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
Bank balances	357,264	278,601
Trade debts	186,309	118,547
Loans and advances	78,592	68,302
Long term deposits	42,411	42,411
Other receivables	89,714	79,805
	<u>754,290</u>	<u>587,666</u>

# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

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

Ratings *	June 30, 2023	June 30, 2022
	----- (%) -----	
AAA	85.03	89.66
AA+	14.96	8.71
AA-	0.01	1.63
	<u>100.00</u>	<u>100.00</u>

\* Ratings are performed by PACRA and VIS Credit Rating Co.

**33.4.3** The IFRS 9 classification of financial assets and liabilities of the Company are as follows:

	Financial assets at amortized cost	Financial assets FVOCI	Financial liabilities at amortized cost	Total
----- (Rupees in '000) -----				
<b>Financial assets</b>				
Cash and bank balances	357,281	-	-	357,281
Investments	-	112,163	-	112,163
Loans and advances	78,592	-	-	78,592
Trade debts	186,309	-	-	186,309
Other receivables	89,714	-	-	89,714
<b>Financial liabilities</b>				
Long term deposits	-	-	448,673	448,673
Long term payable	-	-	89,131	89,131
Current portion of long term payable	-	-	308,469	308,469
Other liabilities	-	-	1,060,530	1,060,530

**33.4.4** The bank balances and investment in debt securities are classified in level 1 under the requirements of IFRS 9.

### 33.5 Liquidity risk

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

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

	<b>June 30, 2023</b>				
	<b>On demand</b>	<b>Upto three months</b>	<b>Upto 12 months</b>	<b>More than one year</b>	<b>Total</b>
	----- (Rupees in '000) -----				
Long term deposits	445,213	-	-	3,460	448,673
Trade and other liabilities	1,725,708	-	-	-	1,725,908
Long term payable	-	-	308,469	89,131	397,600
<b>Total</b>	<b>2,171,121</b>	<b>-</b>	<b>308,469</b>	<b>92,591</b>	<b>2,572,181</b>

	<b>June 30, 2022</b>				
	<b>On demand</b>	<b>Upto three months</b>	<b>Upto 12 months</b>	<b>More than one year</b>	<b>Total</b>
	----- (Rupees in '000) -----				
Long term deposits	472,118	-	-	3,460	475,578
Trade and other liabilities	1,501,059	-	-	-	1,501,059
Long term payable	-	-	110,323	235,878	346,201
<b>Total</b>	<b>1,973,177</b>	<b>-</b>	<b>110,323</b>	<b>239,338</b>	<b>2,322,838</b>

### 33.6 Fair value of financial instruments

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

#### 33.6.1 Fair value hierarchy

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

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

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

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

The table analyses financial and non-financial assets measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:



# Pakistan Stock Exchange Limited

## Notes to the Consolidated Financial Statements

For the Year Ended June 30, 2023

Financial and non-financial assets measured at fair value	June 30, 2023			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
Financial assets at 'fair value through OCI	-	-	112,163	112,163

As at 30 June 2023, the Company's long term investments are in unquoted securities (see note 9), which are carried at fair value. The fair value of such investments is determined by using level 3 techniques. The Company has used income approach (i.e. a present value technique) to value its investment in (PMEX). For this purpose, the financial projections have been derived from the business plans prepared by the management and duly approved by PMEX Board of Directors. The fair value of investment in VIS Credit Rating Company has been determined based on the net asset value due to limited financial information available.

### 34 NUMBER OF EMPLOYEES

34.1 The number of employees as at 30 June 2023 were 231 (30 June 2022: 244).

34.2 Average number of employees during the year as at 30 June 2023 were 238 (30 June 2022: 241).

### 35 GENERAL

35.1 The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

35.2 Corresponding figures have been re-arranged and re-classified for the purpose of better presentation. However, there are no material reclassification to report.

### 36 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on September 16, 2023 by the Board of Directors of the Company.



Chief Financial Officer



Chief Executive Officer



Chairperson

# Pattern of Shareholding

As at June 30, 2023

Number of Shareholders	Shareholdings	Total Shares Held	Number of Shareholders	Shareholdings	Total Shares Held
224	1 to 100	4,814	1	225001 to 230000	226,500
406	101 to 500	193,612	4	230001 to 235000	934,528
353	501 to 1000	347,069	3	245001 to 250000	746,953
618	1001 to 5000	1,868,397	3	260001 to 265000	789,091
244	5001 to 10000	2,011,687	3	275001 to 280000	833,000
72	10001 to 15000	940,000	9	295001 to 300000	2,697,000
53	15001 to 20000	987,800	2	310001 to 315000	625,500
32	20001 to 25000	767,000	2	320001 to 325000	645,500
38	25001 to 30000	1,109,570	2	330001 to 335000	660,058
16	30001 to 35000	532,500	1	345001 to 350000	346,908
17	35001 to 40000	651,617	2	350001 to 355000	704,465
15	40001 to 45000	658,028	2	355001 to 360000	715,408
26	45001 to 50000	1,287,000	1	365001 to 370000	367,000
9	50001 to 55000	475,694	2	370001 to 375000	740,500
10	55001 to 60000	588,500	3	375001 to 380000	1,135,083
4	60001 to 65000	258,000	2	385001 to 390000	777,500
7	65001 to 70000	481,050	3	400001 to 405000	1,201,477
10	70001 to 75000	741,228	1	410001 to 415000	414,380
3	75001 to 80000	232,500	1	420001 to 425000	422,000
6	80001 to 85000	499,500	2	435001 to 440000	876,874
3	85001 to 90000	266,993	2	440001 to 445000	886,500
1	90001 to 95000	93,500	1	450001 to 455000	450,000
45	95001 to 100000	4,472,318	1	475001 to 480000	478,238
12	100001 to 105000	1,235,935	10	495001 to 500000	4,991,166
13	105001 to 110000	1,406,418	2	500001 to 505000	1,005,100
4	110001 to 115000	455,493	1	505001 to 510000	508,476
4	115001 to 120000	470,646	1	515001 to 520000	517,953
3	120001 to 125000	372,000	1	525001 to 530000	527,199
1	125001 to 130000	126,000	2	550001 to 555000	1,105,453
3	130001 to 135000	396,117	1	565001 to 570000	565,000
4	140001 to 145000	566,246	1	580001 to 585000	581,194
7	145001 to 150000	1,043,500	1	590001 to 595000	590,000
7	150001 to 155000	1,072,500	1	600001 to 605000	600,000
3	155001 to 160000	471,500	1	610001 to 615000	614,500
1	170001 to 175000	171,594	1	665001 to 670000	666,000
2	175001 to 180000	356,994	1	680001 to 685000	680,000
3	185001 to 190000	563,000	3	695001 to 700000	2,095,500
12	195001 to 200000	2,393,872	1	700001 to 705000	701,000
1	200001 to 205000	202,959	1	730001 to 735000	730,000
4	205001 to 210000	835,000	1	775001 to 780000	779,453
2	210001 to 215000	428,000	3	800001 to 805000	2,402,993
3	220001 to 225000	662,869	1	890001 to 895000	894,500

Number of Shareholders	Shareholdings	Total Shares Held	Number of Shareholders	Shareholdings	Total Shares Held
3	900001 to 905000	2,706,953	1	1865001 to 1870000	1,865,500
1	910001 to 915000	913,000	1	1870001 to 1875000	1,872,997
1	915001 to 920000	918,953	20	1900001 to 1905000	38,056,107
1	930001 to 935000	931,500	1	1920001 to 1925000	1,921,953
1	990001 to 995000	991,166	1	2000001 to 2005000	2,002,953
5	1000001 to 1005000	5,003,906	1	2045001 to 2050000	2,049,500
1	1040001 to 1045000	1,044,953	1	2060001 to 2065000	2,061,500
1	1055001 to 1060000	1,057,500	1	2130001 to 2135000	2,130,194
1	1065001 to 1070000	1,068,953	2	2165001 to 2170000	4,331,694
3	1080001 to 1085000	3,243,850	1	2200001 to 2205000	2,202,953
1	1100001 to 1105000	1,102,953	1	2500001 to 2505000	2,500,000
1	1135001 to 1140000	1,135,500	1	2900001 to 2905000	2,900,000
1	1145001 to 1150000	1,145,953	1	3205001 to 3210000	3,205,906
1	1150001 to 1155000	1,152,953	1	3300001 to 3305000	3,303,887
1	1160001 to 1165000	1,164,000	1	3350001 to 3355000	3,350,000
1	1200001 to 1205000	1,202,953	1	3560001 to 3565000	3,563,777
1	1205001 to 1210000	1,208,553	2	3605001 to 3610000	7,211,953
1	1310001 to 1315000	1,311,953	1	4105001 to 4110000	4,105,906
1	1320001 to 1325000	1,320,183	1	4565001 to 4570000	4,569,965
2	1325001 to 1330000	2,654,453	1	4645001 to 4650000	4,647,500
1	1330001 to 1335000	1,334,453	1	4750001 to 4755000	4,752,500
2	1350001 to 1355000	2,700,000	1	4765001 to 4770000	4,767,000
1	1380001 to 1385000	1,381,194	1	6300001 to 6305000	6,301,000
1	1395001 to 1400000	1,397,000	1	6635001 to 6640000	6,639,000
2	1400001 to 1405000	2,805,406	1	7000001 to 7005000	7,000,500
1	1430001 to 1435000	1,431,500	1	7590001 to 7595000	7,594,500
1	1445001 to 1450000	1,446,953	1	7840001 to 7845000	7,844,121
1	1485001 to 1490000	1,486,500	1	8210001 to 8215000	8,214,906
2	1495001 to 1500000	2,995,000	1	9600001 to 9605000	9,600,000
1	1500001 to 1505000	1,502,953	1	11780001 to 11785000	11,782,223
1	1550001 to 1555000	1,552,953	1	13890001 to 13895000	13,890,000
1	1570001 to 1575000	1,572,953	1	16875001 to 16880000	16,875,000
2	1580001 to 1585000	3,168,500	1	28240001 to 28245000	28,241,000
8	1585001 to 1590000	12,719,624	1	39805001 to 39810000	39,805,018
34	1600001 to 1605000	54,499,802	3	40070001 to 40075000	120,221,490
1	1610001 to 1615000	1,611,500	1	64115001 to 64120000	64,118,128
2	1640001 to 1645000	3,286,000	1	136250001 to 136255000	136,251,022
1	1670001 to 1675000	1,671,685			
1	1750001 to 1755000	1,753,000			
1	1765001 to 1770000	1,769,940			
2	1800001 to 1805000	3,602,953			
1	1825001 to 1830000	1,825,920			
			<b>2545</b>		<b>801,476,600</b>

# Categories of Shareholders

As at June 30, 2023

Categories of Shareholders	No. of Shareholders /Folios	Shares Held	Percentage
<b>Directors, Chief Executive Officer, their spouse(s) and minor children(s)</b>			
Mr. Ahmed Chinoy	1	1,500	0.00%
Mr. Nadeem Naqvi	1	1,000	0.00%
Mr. Zubair Razzak Palwala	1	100	0.00%
<b>Associated Companies, Undertakings and Related Parties</b>			
Pak China Investment Company Limited	1	40,073,830	5.00%
<b>NIT and ICP</b>	-	-	0.00%
<b>Banks, Development Financial Institutions, Non-Banking Financial Institutions</b>			
	5	52,252,682	6.52%
<b>Insurance Companies</b>			
	1	356,908	0.04%
<b>Modarabas and Mutual Funds</b>			
	7	30,675,074	3.83%
<b>General Public</b>			
Local	2311	99,175,115	12.38%
Foreign	2	6,000	0.00%
<b>Others</b>			
Joint Stock Companies & Trusts	202	223,459,893	27.88%
Foreign Companies	13	355,474,498	44.35%
<b>Total</b>	<b>2545</b>	<b>801,476,600</b>	<b>100.00%</b>
<b>Shareholders holding 10% or more</b>			
China Financial Futures Exchange Company Limited		136,251,022	17.00%
<b>Total</b>		<b>136,251,022</b>	<b>17.00%</b>

# Auditors' Report on Operations and IT Systems



Yousuf Adil  
Chartered Accountants

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## Independent Reasonable Assurance Report on the Operations and IT Systems

### 1. Introduction

We were engaged by Pakistan Stock Exchange (the Exchange or PSX) through engagement agreement dated December 20, 2022, in pursuance to the requirements of Regulation 16 of the Securities Exchanges (Licensing & Operations) Regulations, 2016 (the Regulations), to carry out independent assurance engagement under ISAE 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000), in respect of Regulatory Functions and ISAE 3402 "Assurance Reports on Controls at a Service Organization", in respect of Operations and Information Technology (IT) Systems of the Exchange for the year ended June 30, 2023.

We are pleased to submit our reasonable assurance report under ISAE 3402. This report describes the design and operating effectiveness of the internal controls placed on Exchange's Operations and Information Technology (IT) Systems for the year ended June 30, 2023, in accordance with the criteria stipulated in the Regulations.

### 2. Scope

Our scope of services was to report on the design and operating effectiveness of controls related to the control objectives stated in the 'descriptions of the Operations and IT Systems of the Exchange for electronic trading services throughout the period' (the Description) (annexed herewith in Section 2). The Description indicates that certain control objectives specified therein are only be achieved if complementary Participant Controls, contemplated in the design of the controls of the Exchange, are suitably designed and operating effectively, along with related controls at the Exchange.

We have not evaluated the suitability of the design and/or operating effectiveness of such Participant Controls.

### 3. Management's Responsibilities

The management of the Exchange is responsible for:

- Preparing the Description (Section 2) and accompanying Management Assertions (Section 1), including the completeness, accuracy and method of presentation of the Description;
- Providing the services covered by the Description;
- Developing and maintaining the Control Objectives;
- Designing, implementing and effectively operating controls to achieve the stated Control Objectives; and
- Ensuring that the staff involved in managing the compliance of the applicable statutory and regulatory requirements are adequately trained to prevent and detect fraud(s) at the Exchange.

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Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited



**4. Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is based on fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behavior.

The firm applies International Standards on Quality Control 1 "Quality Control for the Firm's That Perform Audits and Reviews of Historical Information, and other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**5. Our Responsibilities**

Our responsibility is to express an opinion on the Description providing management statements on the design, operating efficacy of controls and the control objectives stated in the Description and accompanying Management Assertions, based on our procedures.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3402 "Assurance Reports on Controls at a Service Organization". The standard requires that we plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the description is fairly presented and the controls are suitably designed and operating effectively.

A Type II assurance engagement as defined in ISAE 3402 reports on the description, design and operating effectiveness of controls at a service organization which involves performing procedures to obtain evidence about the disclosures in the service organization's description of its system, and the design and operating effectiveness of controls. The procedures selected depend on our judgment, including the assessment of the risks that the description is not fairly presented, and that controls are not suitably designed or operating effectively.

Our procedures included testing the operating effectiveness of those controls, on a sample basis which we consider necessary to provide reasonable assurance that the control objectives stated in the description were achieved. We evaluated the overall presentation of the description, the suitability of the objectives stated therein, and the suitability of the criteria specified by the Exchange (Section 1).

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

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

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

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**6. Inherent limitations**

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

Certain controls in the Description with accompanying Management Assertions can be achieved if complementary Participant Controls at National Clearing Company (NCCPL), Central Depository Company (CDC) and Clearing Member Controls, contemplated in the design of the controls of the Company, are suitably designed and operating effectively, along with related controls at the Exchange. We have not evaluated the suitability of the design and/or operating effectiveness of such NCCPL, CDC, and Clearing Member Controls.

Further, no responsibility is taken for changes in the PSX Rule Book, Systems and Operations, and no obligation is assumed to revise this report to reflect these or any other changes, which have occurred subsequent to June 30, 2023, i.e. after the engagement period.

**7. Opinion**

Our opinion has been formed on the basis of criteria defined by the management in section 1 and audit procedures performed as defined in section 5 of this report.

In our opinion, in all material respects:

- i. the description fairly presents the Operations and IT systems as designed and implemented throughout the period from 1 July 2022 to 30 June 2023;
- ii. the control objectives were suitably designed throughout the period from 1 July 2022 to 30 June 2023; and
- iii. the controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period from 1 July 2022 to 30 June 2023.

**8. Intended Users and Purpose**

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

**Chartered Accountants****Engagement Partner: Zafar Hussain Memon****Date: September 16, 2023****Place: Karachi**



## PAKISTAN STOCK EXCHANGE LIMITED

(Formerly Karachi Stock Exchange Limited)  
Stock Exchange Building, Stock Exchange Road, Karachi - 74000, Pakistan.  
UAN: 111-001-122 Fax: 32410825  
Website: www.psx.com.pk Email: info@psx.com.pk

Ref. No. PSX/ GEN-1531

### Section 1

#### Management Assertions – Independent Reasonable Assurance Report on the Operations and IT Systems.

Dear Sir,

We have prepared the description of Pakistan Stock Exchange Limited ("the Exchange") Control Framework referred to in this assertion statement as the 'system' including controls operated by the Exchange for user entities of the system during the period from 1 July 2022 to 30 June 2023. We confirm, to the best of our knowledge and belief, that;

- A. The description fairly presents the system made available to user entities of the system during some or all of the period under review for processing their transactions and management of their service. The criteria we used in making this assertion were that the accompanying description:
  1. Presents how the systems made available to user entities were designed and implemented to process relevant transactions, including:
    - The types of services provided and classes of transactions processed.
    - The procedures, within both automated and manual systems, by which those transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports presented to user entities of the system.
    - The related records, supporting information, and specific accounts that are used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information is transferred to the reports presented to user entities of the system.
    - How the system captures significant events and conditions, other than transactions?
    - The process used to prepare reports provided to user entities of the system.
    - Specified control objectives and controls apart from where identified in this report are designed to achieve those objectives.
    - The process used to prepare reports or other information provided to the user entities;
    - Other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring controls other than those requiring further improvement based on the observations identified in this report that are relevant to processing and reporting transactions of user entities of the system.
  2. Does not omit or distort information relevant to the scope of the Systems being described, while acknowledging that the controls related to the control objectives were suitably designed and operated effectively throughout the period under review to achieve those control objectives except for those matters within the service auditor's assurance report.
- B. The description of Operations and IT Systems includes relevant details of changes to the Exchange's system during the audit period covered.
- C. The controls related to the control objectives stated in the accompanying description were suitably designed and operated effectively throughout the period under review to achieve those control objectives.

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Ref. No. PSX/ \_\_\_\_\_

### Criteria used in making assertions

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

Farrokh H. Khan  
Chief Executive Officer  
Pakistan Stock Exchange Limited





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Ref. No. PSX/ GEN-1532

### Section 2

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

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

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

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

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

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

- 1 Nomination Committee
- 2 Regulatory Affairs Committee
- 3 Audit Committee
- 4 Human Resource & Remuneration Committee
- 5 Voluntary De-Listing Committee
- 6 IT & Digitisation Committee

Internal Audit, currently co-sourced with an audit firm, reports to the Audit Committee. Internal audits of all operational areas of the Exchange are individually scoped with due consideration of the relevant risks for that area, and approved by the Audit Committee. The Board relies on the inputs and recommendations of the Internal Audit function through its Audit Committee on the adequacy and effectiveness of internal controls in the organization and take appropriate measures.

The Exchange is also required by SECP to go through a regulatory audit by independent auditors.

#### Operational Governance

The primary departments/divisions that have direct control over the operations and systems of securities exchange are Trading & TREC Affairs Department, Listing Department and Information Technology Division. The operations are led by Chief Market Operations Officer (CMOO) who heads the Trading & TREC Affairs department and Chief Listing Officer (CLO) who heads the Listing department. Both CMOO and CLO report to the Chief Operating Officer (COO).

Information Technology Division is headed by Chief Information Officer (CIO) who reports to Chief Operating Officer with matrix reporting to the Managing Director and is responsible for application development, software quality assurance, network, infrastructure management, system management, databases, IT Support & Services and Audit coordination & compliance. The Information systems supports operational activities related to trading, post trade reporting, management information systems, risk management of trading, data dissemination, indices calculation, publication of data and connectivity.

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Ref. No. PSX/ \_\_\_\_\_

### Operational resilience

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

The exchange planned to upgrade the trading platform during FY 22-23. The New Trading system went live on May 15, 2023. No trading data was migrated from history database to New Trading System during the upgrade, only the closing prices and market parameters such as listed securities, markets, market schedule etc. for the last trading day on Old Trading System were migrated. The exchange has kept all the transactions of History Database for compliance of SECP. Currently all the transactions are made through the New Trading System.

### Control Objectives

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

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

- initiatives are taken to maintain adequate structure of IT department. Emphasis is given to maintain IT strategy, a forum is maintained for supporting key IT decisions and required documentation is maintained for efficient and effective functioning of information systems.
- information security office has been established, measures have been taken to strengthen security of information systems and underlined policies & procedures have been developed based on the risk assessment performed.
- adequate documentation is maintained for IT department, information systems, information systems management and architecture.
- measures related to service delivery have been taken which includes establishment of helpdesk, implementation of helpdesk application, turnaround time of services, implementation of problem management processes and measures for continuous improvement of information systems & related services.
- adequate measures are in place to review and monitor the IT systems on timely basis, perform periodic assessments, security reviews / compliance, audit from independent individuals and adequate measures have been taken to maintain cybersecurity.
- changes to information systems are subject to a controlled process including formal requests, approvals, authorizations, analysis, development in segregated environments by developers (not involved in administration of systems), testing for Quality Assurance (QA), User Acceptance Testing (UAT) in testing environment, changes to production and logging.
- changes to access are logged, approved and authorized for creation, modification / privilege assignment and revocation of users along with periodic review of users' access rights.
- operating systems, databases, virtual machines, network devices, security devices are configured to restrict access, provide required services and security parameters are configured to maintain confidentiality, integrity and availability of information systems.
- physical access is restricted to prevent unauthorized access to the Exchange data centres and environmental controls facilitate continued operation of information systems.
- backup and restoration procedures are established which include media management, periodic testing and real-time data replication to support the business continuity and recovery from disaster during adverse events.
- in case of Broker's default, it is restricted from taking new position in any market.
- trades cannot take place on suspended shares.
- the trades are tagged with relevant clients and that the trades are not processed in excess of buying capacity of the Broker.
- the trading fee is charged homogeneously, the transactions taking place via trading system cannot be cancelled once processed, the orders cannot be executed / modified / cancelled during the pre-open session, previous day closing prices are utilized when orders are not processed during the trading session and that the tick size will be 1 (one) paisa for orders.
- the trading limits and broker exposures are controlled.
- the securities cannot be traded in negative ticks.

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Ref. No. PSX/ \_\_\_\_\_

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

### Participant Controls

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

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

  
Farukh H. Khan  
Chief Executive Officer  
Pakistan Stock Exchange Limited



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# Auditors' Report on Regulatory Functions



Yousuf Adil

Chartered Accountants

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## Independent Limited Assurance Report on the Statutory and Regulatory Compliance

### 1. Introduction

We were engaged by the Pakistan Stock Exchange (the Exchange or PSX) through engagement agreement dated December 20, 2022, in pursuance to the requirements of Regulation 16 of the Securities Exchanges (Licensing & Operations) Regulations, 2016 (the Regulations), to carry out independent assurance engagement under ISAE 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000), in respect of Regulatory Functions and ISAE 3402 "Assurance Reports on Controls at a Service Organization", in respect of Operations and Information Technology (IT) Systems of the Exchange for the year ended June 30, 2023.

We are pleased to submit our limited assurance report under ISAE 3000. The report describes the Exchange's compliance with the applicable statutory and regulatory requirements for the year ended June 30, 2023, in accordance with the criteria stipulated in Annexure III of the Regulations.

### 2. Applicable Criteria

The criteria for the limited assurance engagement to assess the Exchange's compliance with the applicable statutory and regulatory requirements for the year ended June 30, 2023, comprises of the following, as stipulated in the Annexure III of the Regulations:

- i. Securities Act, 2015;
- ii. Companies Act, 2017;
- iii. Securities Exchanges (Licensing and Operations) Regulations, 2016;
- iv. Regulations of the Exchange as approved by the Commission under the Securities Act 2016;
- v. Policies, procedures, directives, guidelines, circulars, issued/approved by the commission or the board of directors of PSX;
- vi. Memorandum of Association and Articles of Association of PSX;
- vii. Standard Operating Procedures relating to all major operational processes;
- viii. Policies and procedures formulated to identify and prevent conflict of interests of directors with the interest of the capital market, investors and securities exchange; and
- ix. PSX's systems and related functionalities operate in compliance as per the requirements of approved regulations and procedures of the Exchange.
- x. Adequacy and effectiveness of scope, resources including human resource, procedures and reporting mechanism of the regulatory function including entity level compliance to ensure compliance with relevant legal requirements and to detect and report any non-compliance in a timely manner.

YA

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited



### 3. Management's Responsibilities

Management is responsible:

- To ensure that the Exchange complies with all the applicable statutory and regulatory requirements and relevant internal controls that management considers are essential to achieve compliance in relation to the Regulatory Functions;
- To prevent and detect fraud at the Exchange; and
- To ensure that the staff involved in managing the compliance activity are properly trained.

### 4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies International Standard on Quality Control 1 called "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### 5. Our Responsibility and Summary of the Work Performed

Our responsibility is to carry out procedures primarily with a view to assess the Exchange's compliance with the applicable statutory and regulatory requirements and relevant requirements, as mentioned under the heading 'Applicable Criteria' above, and to report thereon in the form of an independent limited assurance conclusion.

In this regard, we conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain limited assurance on the Exchange's compliance with applicable statutory and regulatory requirements, in all material aspects.

The procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Because of the inherent limitations of an assurance engagement, together with the inherent limitations of internal control system, there is an unavoidable risk that some non-compliances, in relation to the applicable statutory and regulatory requirements, may not be detected, even though the engagement is properly planned and performed in accordance with the ISAE 3000.

Accordingly, the procedures selected were based on the assurance practitioner's professional judgment, including the assessment of the risks of material non-compliance with the applicable statutory and regulatory requirements due to omissions, misrepresentation and errors. Within the scope of our work, we performed amongst others the following procedures:

- Reviewed existing policies and procedures to check that the Exchange's operations are in compliance with the Memorandum of Association, the Articles of Association and the relevant regulatory framework.
- Performed inquiries and walkthroughs on a sample basis to check the existence of and compliance with policies and procedures relating to Regulatory Functions.
- Reviewed policies and procedures to check that policies and procedures are formulated to identify and prevent conflict of interest of directors with the interest of the capital market, investors, and the Exchange.
- Reviewed relevant requirements of applicable laws as mentioned in applicable criteria (in section 2 of this report) and checked compliance with them.

YA

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

**6. Inherent Limitations**

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

Certain controls specified in PSX Rule Book could only be achieved if complementary Pakistan Stock Exchange (PSX), National Clearing Company (NCCPL), Central Depository Company (CDC) and Clearing Member Controls, contemplated in the design of the controls of the Company, are suitably designed and operating effectively, along with related controls at the Exchange. We have not evaluated the suitability of the design and/or operating effectiveness of such NCCPL, CDC, and Clearing Member Controls.

Further, no responsibility is taken for changes in the PSX Rule Book, Systems and operations, and no obligation is assumed to revise this report to reflect these or any other changes, which have occurred subsequent to June 30, 2023, i.e. after the engagement period.

**7. Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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

  
Chartered Accountants

**Engagement Partner: Zafar Hussain Memon**

**Place:** Karachi

**Date:** September 16, 2023

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# Form of Proxy

76<sup>th</sup> Annual General Meeting

I/We, \_\_\_\_\_ of \_\_\_\_\_, holding Computerized National Identity Card (CNIC)/Passport No. \_\_\_\_\_ and being a member of Pakistan Stock Exchange Limited (the Company), hereby appoint \_\_\_\_\_ of \_\_\_\_\_, holding CNIC/Passport No. \_\_\_\_\_, or failing him/her hereby appoint \_\_\_\_\_ of \_\_\_\_\_, holding CNIC/Passport No. \_\_\_\_\_, as my/our proxy to vote for me/us and on my/our behalf at the 76<sup>th</sup> Annual General Meeting of the Company, to be held on the 27<sup>th</sup> day of October 2023 and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

## Witnesses:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC/Passport No. \_\_\_\_\_
2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC/Passport No. \_\_\_\_\_

CDC Account No.

Revenue Stamp of  
PKR 5/-

To be signed by the above named shareholder

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## Notes:

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





میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ حامل کمپیوٹرائزڈ شناختی کارڈ (CNIC) / پاسپورٹ نمبر \_\_\_\_\_ اور بطور رکن پاکستان اسٹاک ایکسچینج لمیٹڈ (کپنی) \_\_\_\_\_ حامل CNIC / پاسپورٹ نمبر \_\_\_\_\_ یا اس کی عدم موجودگی میں \_\_\_\_\_ حامل CNIC / پاسپورٹ نمبر \_\_\_\_\_ کو مورخہ 27 اکتوبر 2023 کو کپنی کے منعقد ہونے والے 76 ویں سالانہ اجلاس عام اور اس کے کسی ملتوی شدہ اجلاس کے لیے میری / ہماری جانب سے ووٹ ڈالنے کے لیے بطور نمائندہ (پراکسی) تقرر کرتا ہوں / کرتی ہوں / کرتے ہیں۔

گواہان کی موجودگی میں میرے / ہمارے دستخط / امہر بروز \_\_\_\_\_ 2023 کو ثبت کیے گئے / کی گئی۔

گواہان:

1- دستخط \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

CNIC / پاسپورٹ نمبر \_\_\_\_\_

2- دستخط \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

CNIC / پاسپورٹ نمبر \_\_\_\_\_

سی ڈی سی اکاؤنٹ نمبر

پانچ روپے کارپونڈ اسٹمپ

حصص یافتہ کے دستخط

نوٹس:

- 1- یہ پراکسی فارم، مکمل اور دستخط شدہ، کپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے موصول ہونا ضروری ہے۔ پراکسی کا ممبر ہونا لازمی نہیں۔
- 2- پراکسی فارم پر دو گواہان کے نام، پتے اور سی این ڈی سی نمبر درج ہونے چاہیے۔
- 3- پراکسی فارم کے ساتھ تقرر کرنے والے اور پراکسی کے حامل فرد کے شناختی کارڈ کی تصدیق شدہ نقول جمع کی جائیں گی۔
- 4- پراکسی کا حامل شخص اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ پیش کرے گا۔
- 5- کارپوریٹ ادارے کی صورت میں، ادارے کے بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹرنی بشمول نمونہ دستخط پراکسی فارم کے ساتھ جمع ہوگی۔

## ضمیمہ نمبر II

بورڈ آف ڈائریکٹرز - اجلاسوں کے دوران حاضری

آڈٹ کمیٹی

اجلاس میں شرکت	اجلاس عنوان	کمیٹی ممبر کا نام
	یکم، جولائی 2022 سے 30، جون 2023 تک	
05	05	جناب جاوید قریشی (چیئر مین)
05	05	جناب احمد چنائے، ایچ، آئی، ایس، آئی
04	05	جناب یو پیٹنگ

ہیومن رسورسز اینڈ ریمو نیویشن (اجرتی) کمیٹی

اجلاس میں شرکت	اجلاس عنوان	کمیٹی ممبر کا نام
	یکم، جولائی 2022 سے 30، جون 2023 تک	
04	04	ڈاکٹر شمشاد اختر (چیئر پرسن)
04	04	جناب یو پیٹنگ
04	04	جناب محمد صلاح الدین منظور
04	04	جناب زبیر رزاق پلوالا
03	04	جناب فرخ ایچ خان

ریگولیٹری افیئرز کمیٹی

اجلاس میں شرکت	اجلاس عنوان	کمیٹی ممبر کا نام
	یکم، جولائی 2022 سے 30، جون 2023 تک	
09	09	ڈاکٹر شمشاد اختر (چیئر پرسن)
09	09	جناب محمد صلاح الدین منظور
09	09	جناب ندیم نقوی

نوٹس:

- کمیٹی کے ان اراکین کو غیر حاضری کی چھٹیاں دی گئیں، جو کچھ اجلاسوں میں شرکت نہیں کر سکے۔
- مالی سال کے دوران نامزدگی کمیٹی کا کوئی اجلاس نہیں بلایا گیا۔
- تمام قانونی بورڈ کمیٹیوں کے حوالے سے ترتیب، سالانہ رپورٹ کے کارپوریٹ انفارمیشن، سیکشن میں دستیاب ہیں۔

ضمیمہ نمبر ۱

بورڈ آف ڈائریکٹرز - اجلاسوں کے دوران حاضری

ڈائریکٹر کا نام	اجلاس عنوان	اجلاس میں شرکت
		یکم، جولائی 2022 سے 30 جون 2023 تک
ڈاکٹر شمشاد اختر (چیئر پرسن)	09	09
جناب فرخ ایچ خان (سی ای او)	08	07
جناب احمد چنائے، ایچ. آئی، ایس. آئی	09	09
جناب یو یو یو	09	09
ڈاکٹر فوہاؤ	09	07
محترمہ یو ہاؤ لی	09	05
جناب جیا نگ کیتیاؤ	09	09
جناب جاوید قریشی	09	09
جناب محمد صلاح الدین منظور	09	09
جناب ندیم نقوی	09	09
جناب زبیر رزاق پلوالا	09	09

نوٹ: غیر حاضری کی چھٹیاں ان ڈائریکٹرز کو دی گئیں جو بورڈ کے کچھ اجلاسوں میں شرکت نہیں کر سکے۔

شیر ہولڈنگ کی اقسام  
شیر ہولڈنگ کی اقسام سالانہ رپورٹ میں ضم کی گئی ہیں۔

### تسلیمات

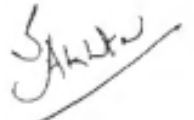
بورڈ آف مینجمنٹ کے تمام اسٹیک ہولڈرز سے ان کی مسلسل استقامت اور پی ایس ایکس کے ساتھ ساتھ کینیڈا مارکیٹ کے سلسلے میں بھی بے پناہ تعاون کے لیے انتہائی اظہار تشکر کرتا ہے۔ بورڈ سیکرٹریز اینڈ ایگزیکٹو کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، فیڈرل بورڈ آف ریونیو اور وزارت خزانہ، ریونیو اینڈ اکاؤنٹس ایگزیکٹو اور حکومت پاکستان کا بھی شکریہ ادا کرتا ہے جنہوں نے ایگزیکٹو کو سارا سال فعال تعاون، مدد اور رہنمائی فراہم کی۔

بورڈ تمام ڈائریکٹرز کی رہنمائی اور تعاون کے لیے ان کا بھی شکریہ ادا کرتا ہے، اور پی ایس ایکس کے تمام اسٹاک ممبران کو اپنے فرائض مستعدی اور وابستگی کے ساتھ انجام دینے، خاص طور پر حالیہ غیر معمولی مشکل ماحول میں ان کی شراکت اور لگن کے اعتراف میں ان کی کاوشوں کو سراہتا ہے۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے



فرخ خان  
چیف ایگزیکٹو آفیسر



ڈاکٹر شہزاد اختر  
چیرپرسن

کہاں

تاریخ: 16 ستمبر، 2023

## ڈائریکٹرز کا مشاہرہ

پی ایس ایس کا ہرٹان - ایگزیکٹو ڈائریکٹر، بورڈ آف ڈائریکٹرز اور بورڈ - لیول کمیٹی (ز) کے ہر اجلاس میں شرکت کے سلسلے میں بالترتیب 100,000 روپے اور 75,000 روپے (قابل اطلاق ٹیکس کی کٹوتی سے مشروط) اجلاس کی فیس کی مدد میں حاصل کرنے کا ہتھارہ ہے، جن میں ایسے ڈائریکٹر ممبر ہیں۔ میٹنگ فیس کے علاوہ، چیئر پرسن کو 1800 سی سی، کارفرما ہم کی جائیگی جس کی دیکھ بھال کمیٹی کی ذمہ داری ہوگی جبکہ وہ ڈرائیور اور 200 لیٹر فیول فی ماہ کا بھی ہتھارہ ہوگا۔ اس کے علاوہ، پی ایس ایس کے خود بخود ڈائریکٹرز، پی ایس ایس کے چیف ریگولیٹری آفیسر کے نفاذ کے احکامات کے خلاف پی ایس ایس کے TRE سرٹیفکیٹ ہولڈرز کی اپیلوں کی سماعت کے لیے -10,000 روپے فی ساعت اعزاز یہ (honorarium) کے ہتھارہ ہیں۔

مالی سال 2022-23 میں ڈائریکٹرز اور سی ای او کو ملنے والے مشاہرے کے بارے میں مزید معلومات کے لیے، برائے مہربانی سالانہ رپورٹ سے منسلک پی ایس ایس کے مالی گوشوارے میں موجود نوٹ 31 کو ملاحظہ کریں۔

## داخلی مالیاتی کنٹرول اور رسک مینجمنٹ کی موزوعیت

اندرونی کنٹرول اور رسک مینجمنٹ پالیسیاں پی ایس ایس کے آپریشنز کی افادیت اور کارکردگی، مالی معلومات کے معتبر ہونے اور قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کے حوالے سے معقول یقین دہانی کی فراہمی کے لیے بنائی گئی ہیں۔ مینجمنٹ کی جانب سے ایک موثر اور کارآمد داخلی کنٹرول اور رسک مینجمنٹ سسٹم کو یقینی بنایا گیا ہے جو خطرے کی تشخیص، کنٹرول کی شناخت، متعلقہ پالیسیوں/ طریقہ کار کا جائزہ لے کر، اور متعلقہ کنٹرول کے طریقہ کار اور نگرانی کے نظام کو قائم کر کے موثر کارکردگی کو یقینی بناتا ہے۔ اندرونی کنٹرول اور رسک مینجمنٹ سسٹم حصص یافتگان اور بورڈ آف ڈائریکٹرز کو معقول یقین دہانی فراہم کرنے کے لیے بنایا گیا ہے۔ مینجمنٹ سمجھتی ہے کہ موجودہ اندرونی کنٹرول اور رسک مینجمنٹ سسٹم کافی ہے، جسے موثر طریقے سے نافذ کرنے کے ساتھ ساتھ اس کی نگرانی بھی کی گئی ہے۔

## داخلی مالیاتی کنٹرول اور رسک مینجمنٹ کی موزوعیت کے سلسلے میں ڈائریکٹرز کی ذمہ داری

بورڈ آف ڈائریکٹرز کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائیں کہ مستحکم داخلی کنٹرول اور رسک مینجمنٹ کا ایک نظام قائم کیا جائے، جسے موثر طریقے سے کمیٹی کے اندر ہر سطح پر نافذ اور برقرار رکھا جائے۔

مزید برآں، بورڈ کی جانب سے تشکیل دی جانے والی آڈٹ کمیٹی جو کہ دیگر معاملات میں بھی اسے رپورٹ کرتی ہے، اسے یہ بھی یقینی بنانے کا پابند بنایا گیا ہے کہ داخلی کنٹرول سسٹم بشمول مالیاتی اور آپریشنل کنٹرولز، اس کی حدود کے متعلقہ خطرات، بروقت اور مناسب طریقے سے آدنی اور اخراجات، رسیدوں اور ادائیگیوں کے ساتھ ساتھ اثاثوں اور واجبات کی مناسب دیکرڈنگ کے لیے اکاؤنٹنگ سسٹم، جو کہ رپورٹنگ کے ڈھانچے کے ساتھ ہو، یہ مناسب اور موثر ہیں۔ سالانہ رپورٹ میں ضم شدہ سکیورٹیز اسٹیٹمنٹ (لائسنسنگ اور آپریشنز) ریگولیٹرز، 2016 کے تحت ضرورت کے مطابق ان کا، آڈیٹرز رپورٹس کے ساتھ مینجمنٹ ایسٹیمٹس اینڈ ڈسکرپشن (Management Assertions and Description) میں تفصیل سے ذکر کیا گیا ہے۔

## ماحول پر اثرات

آکسیجن کے کاروبار کا ماحول پر کوئی مادی (material) منفی اثر مرتب نہیں ہوتا۔

## کارپوریٹ سماجی ذمہ داری

پاکستان اسٹاک ایکسچینج، بحیثیت ایک قومی ادارہ اور ذمہ دار کارپوریٹ شہری ہونے کے ناطے، معاشرے کے حوالے سے اپنے فرائٹس سے بخوبی آگاہ ہے۔ اس کے پیش نظر، آکسیجن کی کارپوریٹ سماجی ذمہ داری (CSR) کے حوالے سے ایک متعین پالیسی ہے، جس کے تحت، ٹیکس سے قبل منافع کے 2 فیصد کے برابر رقم ان سرگرمیوں کے لیے استعمال کی جاسکتی ہے۔

سی ایس آر سرگرمیوں کے تحت، پی ایس ایس کی انتظامیہ اور ملازمین نے CDC کے ساتھ اشتراک کرتے ہوئے جولائی اور اگست 2022 کے درمیان پاکستان میں آنے والی غیر معمولی بارشوں اور سیلاب کے متاثرین کے لیے پانچ مختلف این جی اوز کے ذریعے خوراک، بنیادی ضروریات، طبی سامان اور کمپس کی فراہمی کے لیے تعاون کیا۔

## شیر ہولڈنگ کا نمونہ

پی ایس ایس کے شیر ہولڈنگ کا نمونہ سالانہ رپورٹ میں ضم کیا گیا ہے۔

مالی سال کے دوران، بورڈ کے 9 اجلاس (7 شیڈول اور 2 ہنگامی) منعقد ہوئے، جن کے لیے ڈائریکٹرز کی حاضری اس رپورٹ کے ضمیمہ کے طور پر منسلک ہے۔

### بورڈ کمیٹیاں

ایس ای سی پی کی طرف سے منظور کردہ اسٹاک ایکسچینج کے تجارتی اور ریگولیٹری افعال کو اگلے کرنے کے منصوبے کی تعمیل میں، سیکورٹیز ریگولیشن (ایکسچینج) ایکٹ 2016 اور سلاٹ کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور فرنٹ لائن ریگولیٹری اور تجارتی ادارے کے طور پر پی ایس ایکس کے کاروبار کی مخصوص ضروریات کو پورا کرنے کے لیے، بورڈ نے متعدد کمیٹیاں تشکیل دی ہیں جن میں سے اہم قانونی کمیٹیاں آڈٹ کمیٹی، بیومن رسورسز اینڈ ریویو نیشن (اجرتی) کمیٹی (نومینیشن) کمیٹی اور ریگولیٹری کمیٹی ہیں۔ مذکورہ کمیٹیوں کے اجلاسوں میں اراکین کی حاضری ڈائریکٹرز رپورٹ کے ساتھ ضمیمہ 11 کے طور پر منسلک ہے۔

### آڈیٹرز

موجودہ آڈیٹرز، میسرز (M/s.) گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، سالانہ اجلاس عام کی تاریخ پر ریٹائرڈ ہونے کے جبکہ اہل ہونے کے بعد انھوں نے خود کو دوبارہ ترقی کے لیے پیش کیا ہے۔

بورڈ، آڈٹ کمیٹی کی سفارش پر، حصص یافتگان کو مزید سفارش کرتا ہے کہ وہ میسرز (M/s.) گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کو 30 جون، 2023 کو اختتام پذیر ہونے والے مالی سال کے لیے ایکسیج کے قانونی آڈیٹرز کے طور پر دوبارہ تعینات کریں۔

### خود نظارتی رپورٹ کا نظر ثانی شدہ مواد

انٹرنیشنل آڈیٹنگ اینڈ ایسورنس اسٹینڈرڈز بورڈ (IAASB) کے آڈیٹنگ کے معیارات کے سیٹ میں کوئی تبدیلی نہیں ہوئی ہے جو کہ آڈیٹرز کی رپورٹنگ کی ضروریات سے متعلق ہیں جنہیں ایس ای سی پی نے اپریل 2018 میں جاری کردہ آڈیٹرز کی رپورٹنگ کی ذمہ داریوں کے حوالے سے اپنے ضابطوں میں اپنایا تھا۔

### کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز اور ایکسیج شفافیت اور تشہیر پر زور دیتے ہوئے کارپوریٹ گورننس کے عمدہ طریقوں کے اصولوں کے پابند ہیں۔ بورڈ اور مینجمنٹ اپنی ذمہ داریوں سے آگاہ ہیں اور مالیاتی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے لیے کوشش مارکیٹ کے آپریٹرز اور کارکردگی کی نگرانی کرتے ہیں۔

بورڈ کو اس بات سے آگاہ کرتے ہوئے خوشی محسوس ہو رہی ہے کہ ایکسیج نے کارپوریٹ گورننس کے بہترین طریقوں کو اپنایا ہے اور سلاٹ کمیٹی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کی تعمیل کی ہے، جیسا کہ سالانہ رپورٹ سے منسلک تعمیل کے بیان میں مکمل طور پر وضاحت کی گئی ہے۔

### بورڈ کی کارکردگی کا جائزہ

پی ایس ایکس بورڈ کی جانب سے یہ بات یقینی بنائی جاتی ہے کہ بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کی سالانہ کارکردگی کو جانچنے کے لیے ایک باضابطہ اور موثر طریقہ کار موجود ہو۔ بورڈ کے فیصلے کے مطابق، ہر سال کے لیے کارکردگی کی جانچ اندرونی طور پر کی جاتی ہے، اور اس سلسلے میں ایس ای سی پی کے جاری کردہ رہنما اصولوں کی تعمیل کرنے کے لیے ہر تین سال میں کم از کم ایک باہررونی جائزہ کار کے ذریعے عمل انجام دیا جاتا ہے۔ مالی سال کے دوران، بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز، بشمول ای سی ای او، کی کارکردگی کا جائزہ ایک بیرونی جائزہ کار پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے ذریعے فراہم کیا گیا، جو کہ اس طرح کی خدمات پیش کرنے میں اپنے تجربے اور جامع طریقہ کار کے سبب معروف ہے، PICG کے بورڈ کی جانب سے کی گئی تفتیش میں بورڈ، اس کی کمیٹیوں اور انفرادی ڈائریکٹرز کی کارکردگی کے عوامل کی ایک وسیع رینج کا احاطہ کرتے ہوئے ان کی خوبیوں اور صلاحیتوں کا آزادانہ جائزہ فراہم کیا گیا، جس کے تحت، شمالی امریکا میں واقع ایک مشاورتی فرم کا رپورٹ، L.I.F.E. سینٹر انٹرنیشنل انکارپوریشن، کے تعاون سے PICG کی جانب سے آن لائن جانچ (assessments) کو ضرورت کے مطابق ڈیلیوری کیا گیا۔

پی ایس ایس آپریشنل اخراجات میں اضافے یا نقصانات اٹھانے یا مالی نتائج کو برقرار رکھنے کی توقع بھی کر سکتا ہے اگر کوئی ہو؛  
 - بیرون ملک مقیم ریگولیشنز کی طرف سے تسلیم کیا جانا ضروری ہے،  
 - معاہدوں پر دوبارہ بات چیت ہونی چاہیے،  
 - معاہدے کی شرائط کو نئے یا نئے لاگو قوانین، قواعد و ضوابط یا عدالتی فیصلوں کے نتیجے میں تبدیل کیا جانا چاہیے، چاہے وہ بیرون ملک قواعد و ضوابط کے بیرونی اثر کی وجہ سے ہو یا کسی دوسری وجہ سے ہو۔

### حکومتی پالیسیوں میں تبدیلیوں کا خطرہ

ہماری مارکیٹوں میں تجارتی حجم ان تبدیلیوں سے متاثر ہونے کا امکان ہے:  
 - حکومت پاکستان کی پالیسیاں،  
 - ٹیکس کا قانون یا پالیسی،  
 - غیر ملکی پورٹ فولیو سرمایہ کاروں کے حوالے سے ریگولیشنز کی تبدیلیاں،  
 - دیگر قواعد و ضوابط یا پالیسیاں جو پی ایس ایس کے کاروبار کو متاثر کرتی ہیں، بشمول اس کی سٹریٹجیوں کے، ایسی تبدیلیاں جو پاکستان سے باہر پاکستانی سیکورٹیز کی پیشکش کو سہل بناتی ہیں،  
 - سرمایہ کاروں کی ہمارے اسٹیک ہولڈرز میں آزادانہ تجارت کرنے کی صلاحیت،  
 - اس طرح کی تجارت سے حاصل (ٹیکسیشن) یا منافع کی ملک میں واپسی،  
 - وہ طور طریقے جس کے تحت ہمارے اسٹیک ہولڈرز اور کلائنٹس کارپوریشن میں سیکورٹیز کا تبادلہ کیا جاتا ہے، کلیئر کیا جاتا ہے اور طے کیا جاتا ہے۔

مذکورہ بالا وجوہات ہمارے کاروبار، مالی حالت، آپریشنز کے نتائج اور امکانات پر مادی طور پر منفی اثرات (material adverse) مرتب کرنے کا سبب بن سکتی ہیں۔

### بورڈ آف ڈائریکٹرز

مالی سال 2022-23 کے دوران، پی ایس ایس کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی وقوع پذیر نہیں ہوئی۔ جیسا کہ مالی سال کے اختتام پر، پی ایس ایس کا بورڈ آف ڈائریکٹرز گیارہ (11) ڈائریکٹرز پر مشتمل تھا جن میں شامل ہیں:

مرد ڈائریکٹرز 9  
 خاتون ڈائریکٹرز 2

مزید یہ کہ بورڈ کی تشکیل مندرجہ ذیل طور پر کی گئی:

### شیر ہولڈرز ڈائریکٹرز (ان-ایگزیکٹو)

(i)	جناب احمد چٹائے، ایچ.آئی، ایس.آئی	(ii)	جناب یونس
(iii)	ڈاکٹر فوہا	(iv)	محترمہ یوہاؤلی
(v)	جناب جیا نگ کپتا	(vi)	جناب ندیم نقوی
(vii)	جناب زبیر رزاق پلوٹا		

### خود مختار ڈائریکٹرز (ان-ایگزیکٹو)

(i)	ڈاکٹر شمشاد اختر
(ii)	جناب جاوید قریشی
(iii)	جناب محمد صلاح الدین منظور

اگر پی ایس ایکس کی سرگرمیوں کی سطح اوپر بیان کردہ کسی بھی عوامل یا اس کے قابو سے باہر کے دیگر عوامل کے باعث مادی طور پر منفی (materially adversely) طرح سے متاثر ہوتی ہے تو ہمارا کاروبار مالیاتی حالت اور آپریٹنگ کے نتائج بھی مادی طور پر منفی طرح سے متاثر ہو سکتے ہیں۔

### مستقبل کے اقدامات کے حوالے سے خطرات

پی ایس ایکس نے ماضی میں کئی اقدامات کیے ہیں اور خوردہ اور ادارہ جاتی سرمایہ کاری کی شراکت کو بڑھانے اور اخذ شدہ مصنوعات کے سلسلے میں ٹریڈنگ کی مقدار کو بڑھانے کے لیے فخریہ طور پر اسے جاری رکھے ہوئے ہے۔ وہ عوامل جو ہماری کاروباری حکمت عملی پر اثر انداز ہو سکتے ہیں ان میں شامل ہیں:

- نئی خدمات اور مصنوعات کو کامیابی سے بروقت متعارف کرانے کی ہماری صلاحیت۔

- پاکستانی، ایشیائی اور عالمی معیشتوں کی عمومی حالت؛

- نئی خدمات اور مصنوعات کو کامیابی سے متعارف کرانے کی ہماری صلاحیت؛ اور

- ریگولیٹری پابندیاں۔

ان میں سے بہت سے عوامل ہمارے قابو سے باہر ہیں۔ ان وجوہات کی بنا پر، اس بات کی یقین دہانی کرنا مشکل ہے کہ ہم اپنے موجودہ اور مستقبل کے اسٹریٹجک منصوبوں کو نافذ کرنے میں کامیاب ہوں گے اور ایسا کرنے میں کسی بھی طرح کی ناکامی ہمارے امکانات اور مستقبل کی مالیاتی حالت اور آپریٹنگ کے نتائج پر مادی طور پر منفی (material adverse) اثر ڈال سکتی ہے۔

### مارکیٹ میں اتار چڑھاؤ کے خطرات

جیسا کہ پی ایس ایکس کی گھل آمدنی جزوی طور پر ایکویٹی پر منحصر ہے، تاریخی طور پر غیر مستحکم اثاثہ کلاس، اور ساتھ ہی متعدد بیرونی عوامل، جیسے تجارتی سرگرمی اور ہماری مارکیٹوں میں قیمت کی سطح، ہماری گھل آمدنی اور منافع ایک مدت سے دوسری مدت میں اتار چڑھاؤ کا شکار ہو سکتے ہیں۔ اگر ہماری گھل آمدنی توقعات سے کم ہو جاتی ہے یا بڑھتے ہوئے اخراجات کو پورا کرنے کے لیے اس میں اضافہ ممکن نہیں ہوتا ہے تو ہمارا کاروبار، مالی صورتحال اور دی گئی مدت کے لیے آپریٹنگ کے نتائج مادی طور پر (materially) بری طرح سے متاثر ہو سکتے ہیں۔

### شرح سود میں تبدیلی کا خطرہ

ہم مارکیٹ کی شرح سود کی موجودہ سطح میں اتار چڑھاؤ کے اثرات سے دوچار ہیں، جو تجارتی حجم، اسٹاک مارکیٹ میں سرمایہ کاری کے بہاؤ اور کیش فلو پر اثر انداز ہوتے ہیں۔ اس طرح شرح سود میں تبدیلی مادی طور پر (materially) ہماری مالی پوزیشن اور ہماری سرمایہ کاری کی قدر اور ان کے ریٹرن پر منفی اثر مرتب کرنے کا سبب بن سکتی ہے۔ شرح سود بہت سے عوامل کی بنیاد پر حساس ہوتی ہے، بشمول حکومتی، مالیاتی اور ٹیکس کی پالیسیاں، ہنگی اور چین الاقوامی معاشی اور سیاسی تحفظات، مالی خسارے، تجارتی سربس یا خسارے، ریگولیٹری تقاضے اور دیگر عوامل جو ہمارے قابو سے باہر ہیں۔

### ریگولیٹری رسک

پی ایس ایکس ایک انتہائی ریگولیٹڈ انڈسٹری میں کام کرتا ہے اور جامع ضابطے سے مشروط ہے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان [کمیشن] جس کے پاس وسیع تر اختیارات ہیں، پی ایس ایکس کو ریگولیٹ کرتا ہے اور پی ایس ایکس اس سے لائسنس یافتہ ہے۔ پی ایس ایکس اپنے ضابطے، قانون اور ضمنی قوانین کے تحت کچھ ریگولیٹری افعال کے ذریعے مشق کرتا ہے، جس میں ہمارے پلٹ فارم پر درج اداروں اور TREC ہولڈرز کے ذریعے بعض سیکورٹیز قوانین کی تعمیل کے حوالے سے نگرانی بھی شامل ہے۔ مزید یہ کہ، پی ایس ایکس کو فرنٹ لائن ریگولیٹری حیثیت سے ریگولیٹری تراسم تجویز کرنے، ضوابط کو جاری کرنے اور تاحی کارروائیاں کرنے کا بھی اختیار حاصل ہے۔

نگرانی کی سطح میں کسی بھی طرح کا اضافہ جسے ہماری جانب سے انجام دینے کی ضرورت پیش آئے، بشمول ریگولیٹری تبدیلیوں کے سبب، عائد ہو سکتا ہے یا اس کے نتیجے میں ہمارے لیے اضافی یا ضرورت سے زیادہ ریگولیٹری بوجھ اور تعمیل کے اخراجات ہو سکتے ہیں۔



انٹارمیشن سکیورٹی ٹیم نے سال کے دوران آپیکس کی سکیورٹی پوزیشن کو مزید بڑھانے کے سلسلے میں کافی اہم کردار ادا کیا۔ ان کی جانب سے این ٹی ایس اور اندرون خانہ (in-house) بیڈ ٹریڈنگ ٹریڈنگ کی سکیورٹی کا جائزہ لیا گیا۔ مزید یہ کہ ہمارے TRE سرٹیفکیٹ ہولڈرز/سکیورٹی بروکرز کے لیے پاکستان اسٹاک آپیکس (PSX)، پینٹل کلیرنگ کمپنی آف پاکستان لمیٹڈ (NCCPL)، سینٹرل ڈیپازٹری کمپنی (CDC) اور پاکستان مرکزی اسٹاک آپیکس لمیٹڈ (PMEX) کی انٹارمیشن سکیورٹی ٹیموں کی جانب سے مشترکہ طور پر ایک سائبر سکیورٹی آگاہی سیشن کا بھی انعقاد کیا گیا، جس کا مقصد آگاہی بڑھانا اور کپٹل مارکیٹ کے اندر سکیورٹی کے حوالے سے شعور رکھنے والے کلچر کو فروغ دینا تھا۔

پی ایس ایکس نے لرننگ مینجمنٹ سسٹم کے ذریعے اپنے تمام نئے آن بورڈ ملازمین کے لیے انٹارمیشن سکیورٹی ٹریڈنگ کی فراہمی کو بھی یقینی بنایا۔ اس ٹریڈنگ میں بنیادی طور پر عمومی پرائیویسی، پاس ورڈ کی حفاظت، ای میل سکیورٹی، انٹرنیٹ سکیورٹی، سوشل انجینئرنگ، جعل سازی، کاروباری تسلسل کی منصوبہ بندی وغیرہ پر توجہ مرکوز کی گئی تھی۔ مزید یہ کہ، پی ایس ایکس کے تمام عملے کے لیے سکیورٹی کے بہتر طریقوں پر مستقل رابطے کو یقینی بنایا گیا۔ اس کے علاوہ، کاروباری تسلسل کی مشق بھی کامیابی کے ساتھ کی گئی جس کے ذریعے اس بات کی بھی تصدیق ہوئی کہ آپیکس تبادلہ پروسیجرنگ سائٹ سے اپنے اہم آپریٹرز جاری رکھنے کی صلاحیت سے بہرہ مند ہے۔ پی ایس ایکس نے سال کے دوران اپنے ہیڈ آفس کے بزنس کٹینوٹی مینجمنٹ (BCMS) سرٹیفکیٹ کو بھی تازہ ترین بین الاقوامی معیار یعنی ISO 22301:2019 کے ساتھ کامیابی سے اپ ڈیٹ کیا۔

### وسیع مارکیٹ کے رجحانات اور بڑے اقتصادی عوامل کے حوالے سے خطرات

پی ایس ایکس ملک کے واحد اسٹاک آپیکس کی حیثیت رکھتا ہے۔ پی ایس ایکس کے کاروبار، مالیاتی حالت اور آپریٹرز کے نتائج تجارت کے مالیاتی اثاثوں کے حجم، بلڈ سکیورٹی ریشز کی تعداد، بی اسٹنگ کی تعداد اور اس کے بعد اجراء، لیکویڈیٹی اور اسی طرح کے عوامل پر بہت زیادہ انحصار کرتے ہیں۔ پی ایس ایکس کی آمدنی کا ایک اہم حصہ ٹریڈنگ اور اسٹنگ پر مبنی فیس پر براہ راست یا بالواسطہ طور پر انحصار کرتا ہے۔

کسی ملک کے معروف اسٹاک آپیکس کی طرح، پی ایس ایکس کا انحصار آپیکس میں تجارت کے لیے استعمال کیے جانے والے مالیاتی اثاثوں کی متعلقہ کشش پر ہوتا ہے، اور ایک مارکیٹ کے طور پر آپیکس کی متعلقہ کشش پر بھی جس پر ان مالیاتی اثاثوں کی تجارت ہوتی ہے۔ یہ تمام حثیرات بنیادی طور پر پاکستان میں معاشی، سیاسی اور مارکیٹ کی صورتحال کے ساتھ کسی حد تک، جبکہ باقی ایشیا، امریکہ، یورپ اور دنیا کے دیگر حصوں سے متاثر ہوتے ہیں جو پی ایس ایکس کے قابو سے باہر ہیں۔ اگرچہ غیر منظم مارکیٹس ٹرانزیکشن کے حجم میں اضافہ کر سکتی ہیں، تاہم طویل المیعاد کمزور معاشی حالات مادی اور منفی طور پر اسٹنگ اور تجارتی حجم کو متاثر کر سکتے ہیں۔

دوسرے عوامل جو مادی طور پر ہمارے کاروبار، مالیاتی حالت اور آپریٹرز کے نتائج پر منفی اثرات ڈال سکتے ہیں اور ہمارے قابو سے باہر ہیں ان میں شامل ہیں:

- کاروبار اور فنڈس میں وسیع رجحانات، بشمول صنعت کے مخصوص حالات، کپٹل مارکیٹ کے رجحانات اور انضمام اور حصول کا ماحول؛

- سماجی اور شہری بد امنی، دہشت گردی اور حالات جنگ؛

- افراط زر اور ادارہ جاتی یا خوردہ اعتماد کی سطح کے حوالے سے تشویش؛

- سکولٹی مالیاتی پالیسی اور غیر ملکی کرنسی کے تبادلے کی شرح میں ہونے والی تبدیلیاں؛

- قلیل مدتی اور طویل مدتی فنڈنگ اور سرمائے کی دستیابی؛

- تبادلہ سرمایہ کاری کے مواقع کی دستیابی؛

- سکیورٹی ریشز کی قیمتوں میں تبدیلی اور اتار چڑھاؤ

- ٹیکس پالیسی میں تبدیلی (بشمول ٹرانزیکشن ٹیکس) اور پاکستانی اور دوسرے ممالک کے درمیان ٹیکس معاہدے؛

- شرح سود کی سطح اور اتار چڑھاؤ

- قانون سازی اور ریگولیٹری تبدیلیاں، بشمول ریگولیٹڈ اور غیر ریگولیٹڈ مارکیٹوں میں ریگولیٹری تبدیلی کی امکانات اگر مارکیٹس کے درمیان اہم پالیسی اختلافات سامنے آئیں۔

- پاکستانی کپٹل مارکیٹس کے لیے محسوس کردہ کشش، یا کشش کی کمی؛ اور

- غیر متوقع طور پر مارکیٹ کی بندش یا تجارت میں دیگر رکاوٹیں۔

پی ایس ایکس پائیدار ترقی میں ذمہ دارانہ سرمایہ کاری کے فروغ اور ماحولیاتی، سماجی اور گورننس (ESG) کے مسائل پر کارپوریٹ پر قارئین کو بہتر بنانے میں مدد کے حوالے سے بھی کام کر رہا ہے۔ کارپوریٹ دنیا میں پائیداری کی سمجھ بوجھ اور پورنگ کو بہتر بنانے کے سلسلے میں، پی ایس ایکس اور ایس ای ایٹھٹیپ کے تحت مشترکہ طور پر انٹرنیشنل فنانس کارپوریشن (IFC) کے تعاون سے موسمیاتی انکشاف پر مبنی ایک تربیتی پروگرام منعقد کیا گیا۔ اس پروگرام کا مقصد یہ تھا کہ موسمیاتی انکشافات کے حوالے سے لسٹڈ کمپنیوں کی سمجھ بوجھ کو بہتر بنایا جائے اور موسم سے متعلق مالیاتی انکشافات (TCFD) کی سفارشات پر ناسک فورس کا جائزہ لیا جائے۔

### مارکیٹنگ اور بزنس ڈیولپمنٹ کے حوالے سے اقدامات

مارکیٹنگ اینڈ بزنس ڈیولپمنٹ ٹیم نے اپنے مقاصد کی تکمیل کا سلسلہ جاری رکھتے ہوئے برانڈنگ سرگرمیوں، سرمایہ کاروں اور صنعت سے متعلق آگاہی سیشنز کا انعقاد کیا، اس کے ساتھ ساتھ نئی کمپنیوں کو پی ایس ایکس کی فہرست میں شامل کرنے کی ترغیب دے کر سرمایہ کاروں اور کارپوریٹس دونوں کے لیے کمپنیز مارکیٹس کی جانب سے پیش کیے گئے مواقع کے بارے میں زیادہ سے زیادہ آگاہی پیدا کرنے کا عمل جاری رکھا۔ مارکیٹ کے شرکا، اسٹیک ہولڈرز، سرمایہ کاروں، اجرائنگنگان اور عام عوام تک آپہنچنے کے فروغ کے لیے متعدد دیگر سرگرمیاں بھی انجام دی گئیں۔

پاکستان اسٹاک ایکسچینج کے لیے یہ اعزاز کی بات ہے کہ اس نے مسلسل دوسرے سال 2022 میں گلوبل اسٹاک فنانس ایوارڈز (GIFA) کی جانب سے پیش کردہ بہترین اسٹاک اسٹاک ایوارڈ جیتنے میں کامیابی حاصل کی۔

پی ایس ایکس کے جی ای ایم بورڈ پر مکنڈ اجرائنگنگان کے اندراج کے اخراجات کی فزنگ کو مکن بنانے کے لیے کارانداز کے ساتھ ایک ایم او یو پر دستخط کیے گئے اس کے ساتھ ساتھ ایک اور ایم او یو پر بھی ACCA کے ساتھ دستخط کیے گئے تاکہ اجرائنگنگان اور سرمایہ کاروں کے لیے اقدامات کو بہتر بنایا جاسکے، پی ایس ایکس نے ACCA کے ساتھ مل کر 16 ویں ایسی ایسوسی اٹک تھاٹ لیڈر شپ فورم کی مشترکہ تقریبات کا اہتمام کیا۔

ایم بی ڈی ٹیم کی جانب سے 'ناج سینٹز کی تکمیل کا عمل جاری رکھا گیا جس کے صارفین اس وقت بڑی تعداد میں موجود ہیں۔ ناج سینٹز میں نئے کیملکو لیٹرز، ایک نیا آن لائن کورس ماڈیول، اور بلاگ کا مواد بھی متعارف کرایا گیا ہے۔ نائی پورٹ فویو جو کہ پی ایس ایکس کا ایک ورچئل فریڈنگ ٹول ہے، اس نے 16 ہزار سے زائد فعال صارفین کے ساتھ شاندار کامیابی حاصل کی ہے۔ اس ویب پر مبنی ایپ کو تقابلی اداروں، میڈیا سے تعلق رکھنے والے صحافیوں اور پیشہ ورانہ اداروں جیسے ICMA پاکستان اور دیگر کے لیے مقابلوں اور نارنگنگ مارکیٹنگ کے ذریعے متعارف کرایا گیا ہے۔

ایسے حضرات جو اردو میں براؤزنگ کو ترجیح دیتے ہیں ان کے لیے پی ایس ایکس اردو ویب سائٹ کی شروعات کی گئی۔ یہ پاکستان کی کمپنیز مارکیٹ کے لیے ایک اہم اور خاصی بڑی پیش رفت تھی کیونکہ یہ پی ایس ایکس کو عام لوگوں اور عوام تک پہنچنے کے قابل بناتی ہے جن کی ترجمانی زبان اردو ہے۔ ویب سائٹ پر پی ایس ایکس ایفٹ (PSX Glossary) کا حصہ متعارف کرایا گیا ہے جو کہ اسٹاک مارکیٹ میں سرمایہ کاری کی سمجھ بوجھ بڑھانے اور اس کے قابل بنانے کے لیے مالیاتی دنیا کے 375 الفاظ اور تصورات پر مشتمل ایک مجموعہ ہے۔

اسٹاک مارکیٹ کی بنیادی باتوں کو جاننے کے حوالے سے ایک مختصر کورس بھی کروایا گیا۔ 6 ماہ پر محیط اس کورس کا سال میں دو بار انعقاد کیا گیا جہاں کل 778 شرکانے اس سرگرمی میں حصہ لیا۔ کارپوریٹ دنیا میں بڑے پیمانے پر اور خاص طور پر درج شدہ کمپنیوں کے لیے ESG اور اس کی تفہیم کو فروغ دینے کے سلسلے میں 'Sustainability Reporting & its Importance' اور 'ESG Metrics & ESG Reporting Challenges' پروگرام وینوارز بھی منعقد کیے گئے۔

### رسک منجمنٹ اور انفارمیشن سکیورٹی

دوران سال، رسک منجمنٹ ڈیپارٹمنٹ کی جانب سے نیوٹریڈنگ اینڈ سروسز پلیٹس سسٹم (NTSS) پر ڈیجیٹل سے وابستہ خطرات کا اندازہ لگانے کے لیے ایک مربوط اور جامع طریقہ کار اختیار کیا گیا۔ تمام متعلقہ ڈیپارٹمنٹ کو شامل کرتے ہوئے، مکنڈ خطرات کی نشاندہی کرنے کے حوالے سے مکمل طور پر خطرے کو جانچنے کی صلاحیت کا جائزہ لیا گیا۔ اس کے بعد، ان خطرات کو پر ڈیجیٹل کے پورے لائف سائیکل میں قریب سے مانٹیر کیا گیا اور ان کا سراغ لگایا گیا۔ انتظامیہ اور اسٹیک ہولڈرز کو شامت شدہ خطرات اور ان کے مکنڈ اثرات سے آگاہ رکھنے کے لیے موثر مواصلاتی چینلز قائم کیے گئے۔ خطرے کے انتظام کی اس فعال مشن نے اس بات کو یقینی بنایا کہ تمام اسٹیک ہولڈرز پر ڈیجیٹل کے ہر مرحلے پر باخبر فیصلہ سازی اور خطرے کو کم کرنے کی کوششوں میں سہولت فراہم کرتے ہوئے خطرے کی پوزیشن سے بخوبی آگاہ تھے، مزید برآں، ڈیپارٹمنٹ نے متعلقہ انٹرنل ریسرچرز کو دوبارہ سے جائزہ لینے اور اپ ڈیٹ کرنے کے لیے ہمارے پی ایس ایکس رسک منجمنٹ کے ساتھ رابطہ بھی کیا۔

مالی سال 2022-23 کے دوران پاکستان اسٹاک ایکسچینج لمیٹڈ کی جانب سے دس (10) نئی طور پر رکھے گئے (Privately Placed) ڈیپٹ انسٹرومنٹ کا کامیابی کے ساتھ اندراج کیا گیا۔ ڈیپٹ سکیورٹیز کا مشترکہ ایڈیشن سائز 54,173 ملین روپے تھا۔ ان کے علاوہ عوامی طور پر جاری کردہ ڈیپٹ انسٹرومنٹ کی ایک (1) اندراج کی درخواست منظوری کے مرحلے میں ہے۔

آپیکس کی جانب سے مالی سال 2022-23 کے دوران ایک (1) ETF یعنی HBL نوٹل ٹریڈری آپیکس تجارتی فنڈ کا اندراج بھی عمل میں لایا گیا، جو HBL نوٹل ٹریڈری انڈیکس کو ٹریک کر رہا ہے۔

مالی سال 2022-23 کے دوران میں آپیکس نے کامیابی کے ساتھ بارہ (12) اوپن اینڈ میوٹیل فنڈز کا اندراج بھی کیا۔ گزشتہ سال کے دوران درج شدہ فنڈز کا مجموعی فنڈ سائز 23,982 ملین روپے رہا۔

### ٹریڈنگ اور سرمایہ کاروں کے لیے ترقی کے مواقع

ٹریڈنگ اینڈ TREC افیئرز کی ٹیم نے NTS کے اجراء کے لیے اہم کردار ادا کیا، اور کاروباری قوانین کی تشکیل، نظام کی جانچ، TREC ہولڈرز کی مصروفیت اور عمل درآمد کے بعد کی نگرانی سے لے کر اس عمل کے ہر پہلو میں وہ شامل رہی۔

پاکستان اسٹاک ایکسچینج (پی ایس ایکس) نے HBL نوٹل ٹریڈری آپیکس ٹریڈنگ فنڈ (HBLTETF) کی شروعات کر کے سرمایہ کاروں کو جدید مصنوعات اور سرمایہ کاری کے مواقع فراہم کرنے کے حوالے سے ایک اور اہم قدم آگے بڑھایا ہے۔ یہ آپیکس میں درج ہونے والا ساتواں ETF ہے اور یہ ایک بڑی پیشرفت ہے، توقع ہے کہ اس سے سرمایہ کاروں کو گورنمنٹ ڈیپٹ سکیورٹیز میں سرمایہ کاری کی طرف راغب ہو گئے۔

پی ایس ایکس نے اپنا پہلا ڈیویڈنڈ پر مبنی بنیادی انڈیکس، پی ایس ایکس ڈیویڈنڈ 20 انڈیکس شروع کر کے سرمایہ کاروں، اسٹیک ہولڈرز اور مارکیٹ کے شرکاء کو سہولت فراہم کرنے کی جانب ایک بڑا قدم اٹھایا ہے۔ اس انڈیکس کو پی ایس ایکس کی درجہ بندی میں (نزولی ترتیب کے مطابق) بہترین 20 ڈیویڈنڈ ادا کرنے والی کمپنیوں کی کارکردگی کو ٹریک کرنے کے لیے ڈیزائن کیا گیا ہے، جس میں کمپنیوں کو پچھلے 12 ماہ کے دوران ادا کیے جانے والے ڈیویڈنڈ کی بنیاد پر درجہ بندی اور اہمیت دی گئی ہے۔

پی ایس ایکس نے نان-REIT ریکل اسٹیٹ سے متعلقہ کمپنیوں کے لیے ایک نیا 'پراپرٹی سیکٹرز' متعارف کرایا ہے جس کے ساتھ مجموعی سیکٹرز کی تعداد 36 تک پہنچ گئی ہے۔ اس انڈیکس کا آغاز ایک اہم پیشرفت ہے جس سے سرمایہ کاروں کو سرمایہ کاری کے نئے مواقع میسر آنے کی امید ہے جبکہ انہیں پاکستان میں ریکل اسٹیٹ اور تعمیراتی شعبوں میں ہونے والی ممکنہ ترقی سے مستفید ہونے کے مواقع بھی ملیں گے۔

دیگر اقدامات میں چارٹرڈ انسٹی ٹیوٹ فار سیکورٹیز اینڈ انوسٹمنٹ UK (CISI) کے ساتھ معاہدہ یا دداشت (ایم او یو) پر دستخط، بینکوں اور بروکرز کے درمیان KYC شیئرنگ کا نفاذ، آسان اکاؤنٹ کھولنے کے طریقہ کار کو نافذ کرنا اور سہولت اکاؤنٹس کے لیے دستاویزات کے ساتھ ساتھ آن لائن اکاؤنٹ اوپننگ طریقہ کار میں مسلسل بہتری شامل ہیں جبکہ میزبان بینک لمیٹڈ کے تعاون سے، روشن ڈیجیٹل اکاؤنٹ (RDA) کے سرمایہ کاروں کے لیے ایک وقف شریعہ کمپلائنس تجارتی پلیٹ فارم کا آغاز بھی کیا گیا ہے۔

### پروڈکٹ منجمنٹ اور تحقیق میں پیش رفت

پی ایس ایکس اس وقت مارکیٹ کے اسٹیک ہولڈرز کے ساتھ مشاورت سے سنگل اسٹاک کیش سلولڈ فیوچر کنٹریکٹس کے دوبارہ آغاز کے حوالے سے کام کر رہا ہے۔ آگے کی بات کی جائے تو، پی ایس ایکس آپشنز مارکیٹ کے آغاز کے سلسلے میں بھی کام کرے گا، جس کے لیے اس نے پہلے ہی وسیع تر سطح کارڈیو لیٹیوی فریم ورک قائم کر لیا ہے۔ پی ایس ایکس GDS ٹریڈنگ پلیٹ فارم کو بہتر کرنے کے لیے بھی مصروف عمل ہے۔

پی ایس ایکس اسلامک فنانس کے فروغ کے لیے SECP کے ساتھ رابطے میں ہے۔ اس سلسلے میں، پی ایس ایکس نے پاکستان کی پہلی اسلامک کیپٹل مارکیٹ کانفرنس کو اسپانسر کرنے میں بھی اپنا حصہ ڈالا تھا جس میں مقامی اور غیر ملکی مندرجین شریک ہوئے تھے۔

جنوری 2023 سے بروکر کیونٹی کو TRECH انفارمیشن مینجمنٹ سسٹم کے ذریعے تمام ایل سی (LC) جمع کرانے کا اختیار دیا گیا تھا۔ THIMS کا مقصد یہ ہے کہ بروکر سے متعلق تمام معلومات (ریگولٹری، مالیاتی اور دوسری صورت میں) حاصل کرنے کے لیے واحد جامع ذریعہ فراہم کیا جائے، اور بروکر کمپلائنس کو یقینی بنانے میں آپریشن کی مدد کے لیے جامع رپورٹنگ مرحب کی جائے۔ کمپلائنس سے نمٹنے کے معاملے میں، THIMS LCS ماڈیول سکیورٹیز بروکرز لائسنسنگ اور آپریشنز ریگولیشنز، 2016 کے شیڈول III میں ایس ای سی پی کی تازہ ترین ترامیم کے مطابق کام کرنے کے لیے تیار ہے۔

میزان بینک کے آر ڈی اے صارفین کے لیے منتخب بروکرز کے ذریعے شریعہ کمپلائنس ٹریڈنگ کو قابل عمل بنانے کے لیے KITSOMS پراپک اپ گریڈ کا اطلاق کیا گیا تھا اور اس لیے پی ایس ایکس کے ذریعے سرمایہ کاری کے مواقع کو وسعت دی گئی تھی۔

جیڈ ٹریڈنگ ٹریڈ پلینٹ ڈیولپمنٹ (جیسا کہ نام سے ظاہر ہے) شیئرز ٹریڈنگ سسٹم (STSV5) کے تجارتی ٹریڈنگ کی تخلیق کے ساتھ شروع ہوا اور وقت گزرنے کے ساتھ ساتھ ایک مکمل آرڈر مینجمنٹ سسٹم کی شکل اختیار کر گیا۔ جے ٹی ٹی نے KATS TWS کی تمام مصنوعات کی خصوصیات کو شامل کیا ہے، جس سے تاجروں کو تقریباً یکساں قابل استعمال تجربہ میسر آتا ہے جیسا کہ انہوں نے موجودہ KATS ماحول میں TWS کے ساتھ تجربہ کیا ہے۔

اندرون خانہ تیار کردہ JTT مینجمنٹ سسٹم (JMS) کے ذریعے JTT پلینٹ فارم کی آپریشنل نگرانی اور معاونت کی صلاحیت کو مضبوط کرنے میں مدد ملتی ہے۔ اسٹاپ لاس انجن اور رسک مینجمنٹ گیٹ وے جیسے اعلیٰ درجے کے حامل فنکشنل اجزا کا رآمد خصوصیات کی کثرت میں اضافہ کرتے ہیں جو JTT کو ایک مکمل OMS کے طور پر تقویت دیتے ہیں۔

پی ایس ایکس ٹیکنالوجی انفراسٹرکچر کی اعلیٰ بنیادوں پر دستیابی، ڈیزاسٹر ریکوری اور بہتر سکیورٹی اور نگرانی فراہم کرنے کے لیے کئی چیزوں کا اضافہ کرتے ہوئے اسے اپ گریڈ کیا گیا ہے۔ آئی ٹی ٹیموں کی جانب سے انجام دیے گئے کچھ بڑے کاموں میں THIMSDB (MySQL) گلسٹرنگ، PUCARSDR کی نقل، KITS-DB DR کی نقل، NTSORACLE ڈیٹا بیس، NTS ڈیٹا بیس کی VPN تصدیقی خدمات کی ACS سے فوری آپٹیمائزیشن، RDS آپٹیکل فیکسوری تھیناتی، SolarWinds ارٹ میکانزم کی اصلاح، DDos تحفظ کے ساتھ اپ گریڈ شدہ انٹرنیٹ بینڈ ویڈتھ اور پروڈیکشن HA اور اسٹوریج DRS سے متعلق کام شامل ہیں۔

پی ایس ایکس انفارمیشن ٹیکنالوجی ڈیپارٹمنٹ (ITD) نے کامیابی کے ساتھ پبلک پرائیڈ (Public PRIDE) کی تشکیل کا عمل مکمل کر لیا ہے جو کہ آنے والی پبلک آفرنگ کے بارے میں تمام معلومات کے لیے سرمایہ کاروں پر توجہ مرکوز کرنے والا ایک ون اسٹاپ سلوشن (ایک جگہ تمام مسائل کا حل) ہے۔ پرائیڈ سسٹم کو نافذ کرنے کے بعد، جس نے ڈیٹا اور ایکویٹی کے مسائل کے لیے لسٹنگ کے عمل کو خود کار بنایا، پبلک پرائیڈنگ <https://www.psx.com.pk/psx/pride> کے ذریعے رسائی حاصل کی جاسکتی ہے۔ اسے سرمایہ کاروں اور عام لوگوں کو پرائیڈ مارکیٹ میں دستیاب سرمایہ کاری کے مواقع سے آگاہ رکھنے کے لیے تیار کیا گیا ہے۔

### لسٹنگ کی کامیابیاں اور سرگرمیاں

پاکستان اسٹاک ایکسچینج لمیٹڈ (پی ایس ایکس) کی جانب سے کامیابی کے ساتھ چار (4) نئی کمپنیوں کے اندراج کا عمل مکمل کیا گیا جس سے مجموعی طور پر اندراج شدہ سرمایہ 8,664 ملین روپے تک پہنچ گیا، لسٹڈ کمپنیوں میں فنی ٹیکنیکل انڈسٹریز لمیٹڈ، گلوب ریز انڈسٹریز، REIT، LSE، پروپ ٹیک لمیٹڈ اور LSE انڈسٹریز لمیٹڈ شامل ہیں۔

مزید برآں، مالی سال 2022-23 کے دوران 220 ملین روپے کے پیڈ اپ کیٹیشنل کے ساتھ فنی ٹیکنیکل انڈسٹریز لمیٹڈ کے کلاس بی کے عام حصص بھی کمپنی کے موجودہ شیئرز ہولڈرز کو پیش کردہ رائٹ ایٹو کے ذریعے آپریشن میں درج کیے گئے۔

اس سال پی ایس ایکس کی جانب سے مجموعی طور پر سات (7) اندراج کی درخواستوں کی منظوری دی گئی، جن میں سے چار (4) کمپنیاں کامیابی کے ساتھ درج ہوئیں۔ اس کے علاوہ، SECP نے 01 جون 2023 کو ایک (1) کمپنی کا پرائیڈنگس منظور کیا جو کہ منظوری کی تاریخ سے ساٹھ دنوں تک کے لیے کارآمد ہے۔ مندرجہ بالا کے علاوہ، تین (3) اندراج کی درخواستیں منظوری کے مراحل میں ہیں۔

## ڈیوڈنڈ

نئے ٹریڈنگ اینڈ سروسز پلس نظام (این ٹی ایس) کے سلسلے میں اداگلی کے وعدوں کے ساتھ ساتھ موجودہ منافع اور کیش فلو کی صورتحال کو بھی مدنظر رکھتے ہوئے، ڈائریکٹرز نے ڈائمنڈ انڈسٹری پر 30 جون 2023 کو اختتام پذیر ہونے والے مالی سال کے لیے کوئی نقد ڈیوڈنڈ دینے کی سفارش کی ہے۔

## فی حصص آمدنی (ای پی ایس)

بنیادی اور ملاوٹ شدہ فی حصص آمدنی مالی سال 2022-21 میں 0.5 روپے کے مقابلے میں مالی سال 2023-22 میں 0.27 روپے رہی۔

## مارکیٹ کی کارکردگی:

سال کا خاتمہ		پارٹیکولرز
30 جون 2022	30 جون 2023	
41,541	41,453	کے ایس ای-100 انڈیکس
6,957	6,369	مارکیٹ میں سرمایہ بندی (کپیٹل ٹریڈنگ) (ارب روپے میں)
10.1	6.7	اوسط ایو میس کی بنیاد پر قدر تجارت - تیار (ارب روپے میں)
4.7	3.4	اوسط ایو میس کی بنیاد پر قدر تجارت - آئندہ (ارب روپے میں)
309	213	اوسط ایو میس کی بنیاد پر تجارتی حجم - تیار (ملین)
116	80	اوسط ایو میس کی بنیاد پر تجارتی حجم - آئندہ (ملین)

## مالی سال کے دوران ہونے والی تبدیلیاں

پی ایس ایس کی رینل اسٹیٹ کو اس کے آپریٹرز سے مجوزہ علیحدگی (demerger) کے حوالے سے بورڈ آف ڈائریکٹرز کا اجلاس 20 فروری 2023 کو منعقد ہوا جس میں پی ایس ایس کو پی ایس ایس ایکس فنانشل سروسز (پرائیویٹ) لمیٹڈ (پی ایس ایکس فنانشل) کے ساتھ معاہدہ کرنے کا اختیار تفویض کیا گیا، اس مقصد کے لیے پی ایس ایکس کا ایک مکمل ملکیتی ذیلی ادارہ تشکیل دیا گیا ہے، جس کے لحاظ سے، پی ایس ایکس کے کاروبار / انڈرٹیکنگ کو 2 (دو) الگ الگ حصوں / انڈرٹیکنگوں میں الگ / ڈیمرج کیا جائے گا، یعنی ڈیمرجڈ انڈرٹیکنگ (Demerged Undertaking) اور کٹھنویٹنگ انڈرٹیکنگ (Continuing Undertaking) کے طور پر، اور اس کے ساتھ ہی ڈیمرجڈ انڈرٹیکنگ کو پی ایس ایکس فنانشل کے ساتھ انضمام کے ذریعے ضم کیا جائے گا، جبکہ کٹھنویٹنگ انڈرٹیکنگ کو پی ایس ایکس کی جانب سے برقرار رکھا جائے گا، جس کے پیش نظر پی ایس ایکس فنانشل کے عام حصص پی ایس ایکس کو الٹ اور جاری کیے جائیں گے (اس کے نتیجے میں پی ایس ایکس فنانشل پوری طرح سے پی ایس ایکس کا مکمل ملکیتی ذیلی ادارہ رہے گا)۔ مذکورہ انتظامات کو کمپنیز ایکٹ 2017 کی سیکشن 279 تا 283 اور 285 کے تحت تیار کردہ اسکیم آف اریجنٹس کی شرائط کے مطابق عمل میں لایا جائے گا، جس کا مسودہ پی ایس ایکس بورڈ کی جانب سے منظور کیا گیا ہے، پی ایس ایکس کے مجاز نمائندوں کی طرف سے اسے حتمی شکل دی جائے گی، بیکاپ ریویژن اینڈ ایگزیکٹو کمیشن آف پاکستان (SECP) کی منظوری حاصل کی جائے گی، کمپنیوں کے متعلقہ اراکین کی مطلوبہ اکثریت کی منظوری (جیسا کہ قابل اطلاق ہو) لی جائے گی، اور اس کی منظوری کراچی میں سندھ ہائی کورٹ کے ذریعے اسکیم آف اریجنٹس، متعلقہ قانونی ضابطوں کی تکمیل کے ساتھ لی جائے گی۔ اسکیم آف اریجنٹس کو مقررہ وقت میں پی ایس ایکس اور ممبران کو کراچی میں سندھ ہائی کورٹ کی ہدایات / حکم کے تابع، اور قابل اطلاق قوانین کے مطابق ارسال کر دیا جائے گا۔

## پی ایس ایکس کی مالی پوزیشن کو متاثر کرنے والی اہم تبدیلیاں اور وعدے

پی ایس ایکس کی مالی پوزیشن کو متاثر کرنے والی کوئی اہم تبدیلیاں اور وعدے نہیں ہوئے جو مالی سال کے اختتام، جس سے مالیاتی گوشواروں کا تعلق ہے اور رپورٹ کی تاریخ کے درمیان واقع ہوئے ہیں۔

پی ایس ایکس کی عمومی صورتحال، رجحانات اور عوامل جو مستقبل کی ترقی، کارکردگی اور کمپنی کی کاروباری پوزیشن کو متاثر کرنے کا سبب بن سکتے ہیں

## آئی ٹی کی کامیابیاں اور اقدامات

نیو ٹریڈنگ سسٹم (NTS) کا نفاذ پی ایس ایکس کی تاریخ کا اب تک کا سب سے بڑا پروجیکٹ ہے جس میں بہت سے متحرک ارکان اور اسٹیک ہولڈرز شامل ہیں، اس پروجیکٹ کے ذریعے 2 دہائیوں پرانے تجارتی نظام (OTS) ٹیکنالوجی کو تبدیل کر کے پاکستان کی کپٹل مارکیٹ کو جدید صلاحیتوں سے آراستہ کرتے ہوئے دنیا کی معروف مارکیٹوں کے برابر لاکھڑا کیا گیا۔ OTS میں ہونے والی متواتر ترقی کے ساتھ امید ہے کہ NTS کے ذریعے تمام مارکیٹ کے شرکاء کی ٹھنکی اور کاروباری صلاحیتوں کو بڑھانے میں مدد ملے گی۔ 15 مئی 2023 کو کامیابی کے ساتھ NTS کا آغاز کیا گیا تھا۔

## ڈائریکٹرز رپورٹ

پاکستان اسٹاک ایکسچینج لمیٹڈ (پی ایس ایکس) کے بورڈ آف ڈائریکٹرز 30 جون، 2023 کو اختتام پذیر ہونے والے سال کے لیے پی ایس ایکس کے مالی گوشوارے پیش کرتے ہوئے نہایت خوشی محسوس کر رہے ہیں۔

### معاشی جائزہ اور عمومی صورتحال

معاشی جائزہ اور عمومی صورتحال کا جائزہ پرن کے جائزے میں صفحہ 100 پر احاطہ کیا گیا ہے۔

### دوران سال پی ایس ایکس کی مالیاتی اور مارکیٹ کارکردگی

جیسا کہ معاشی جائزہ اور عمومی صورتحال کے سیکشن میں وضاحت کی گئی ہے، مشکل ترین میکرو اکنامک اور سیاسی صورتحال پی ایس ایکس کی مالی کارکردگی کو منفی طور پر متاثر کرنے کا سبب بنی۔ جیسا کہ ذیل میں تفصیل سے بتایا گیا ہے کہ، مشکل ترین آپریٹنگ صورتحال کے باوجود، پی ایس ایکس کی جانب سے انفراسٹرکچر میں سرمایہ کاری اور بہتری کے عمل کو جاری رکھا گیا، جبکہ سرمایہ کاروں اور سٹاک ہولڈرز کے لیے نئی مصنوعات متعارف کرائی گئیں۔ ہم پر اعتماد ہیں کہ آنے والے سالوں میں مذکورہ اقدامات پی ایس ایکس کے تمام اسٹیک ہولڈرز کے لیے فائدہ مند ہونے کے ساتھ ساتھ پاکستان میں کپٹل مارکیٹ کی ترقی کے لیے بھی مثبت اثرات ثابت ہوں گے۔

پی ایس ایکس نے 30 جون، 2023 کو اختتام پذیر ہونے والے سال کے لیے 250 ملین روپے کا نقل و تحویل اور ٹیکس منافع ریکارڈ کیا، جو کہ 30 جون، 2022 کو اختتام پذیر ہونے والے سال کے لیے 460 ملین روپے کے مقابلے میں اسی مدت کے دوران تقریباً 46 فیصد کم ہے جس کی وجوہات مندرجہ ذیل ہیں۔

- تجارتی سرگرمیوں سے کمائے گئے ریونیو میں 108 ملین روپے کی بنیادی طور پر اوسط پیمائش تجارت کی کم قیمت کے سبب ہوئی جس کے باعث مالی سال 2021-22 میں 14.9 ارب روپے کے مقابلے میں مالی سال 2022-23 میں 10.1 ارب روپے رہی۔

- مارکیٹ اور معیشت کے موجودہ حالات کی وجہ سے ایسوسی ایٹڈ کمپنیوں کی کارکردگی میں کمی واقع ہوئی، جس کے سبب ایسوسی ایٹس کے منافع کے حصہ میں 34 ملین روپے کمی آئی۔

مینیجمنٹ مشکل کاروباری ماحول سے پوری طرح واقف ہے اور لاگت کے موثر انتظام (effective cost management) پر توجہ مرکوز کیے ہوئے ہے۔ ان اقدامات کے نتیجے میں، مالی سال 2021-22 کے مقابلے میں مالی سال 2022-23 کے دوران فرسودگی اور ایمارٹائزیشن کو چھوڑ کر اخراجات میں صرف 10.3 فیصد اضافہ دیکھنے میں آیا، جو کہ 29.4 فیصد کے افراط زر کے اعداد و شمار اور روپے کی قدر میں آنے والی کمی کے اثرات سے کافی کم ہے۔

پی ایس ایکس نے مالی سال 2021-22 میں حاصل ہونے والے 399 ملین روپے کے مقابلے میں مالی سال 2022-23 کے لیے 220 ملین روپے کا بعد از ٹیکس منافع حاصل کیا۔

پی ایس ایکس اپنے کاروبار کی نوعیت کے لحاظ سے ہمیشہ تجارتی حجم پر انحصار کرتا ہے۔ تاہم، تجارتی حجم پر انحصار کو کم کرنے کے سلسلے میں ٹھوس کوششیں کی گئی ہیں، دیگر آمدنی ذرائع کو تیار کر کے، جیسے ڈیٹا اینڈ اینگ اور سٹاک کے عمل پر خصوصی توجہ مرکوز کی گئی، اس کے ساتھ ہی ساتھ سہولت اکاؤنٹس، آن لائن اکاؤنٹس اور پینل، 90 دن کے فیوچر اور ایکویٹی RDAs کے علاوہ دیگر ذرائع متعارف کراتے ہوئے سرمایہ کاروں کی تعداد بڑھانے کی کوششیں کی گئی ہیں۔ اس کوشش کے نتائج نظر آنا شروع ہو گئے ہیں۔ پیمائش تجارتی حجم میں 32 فیصد کمی کے باوجود یعنی مالی سال 2021-22 کے دوران 14.9 ارب روپے، پیمائش سے مالی سال 2022-23 کے دوران 10.1 ارب روپے، پیمائش، پی ایس ایکس کی آپریٹنگ آمدنی میں صرف 5 فیصد کمی واقع ہوئی۔

کمپنی کا کیش فلو بھی حالیہ گزرنے والے سالوں کے مقابلے میں کافی مضبوط رہا ہے۔





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