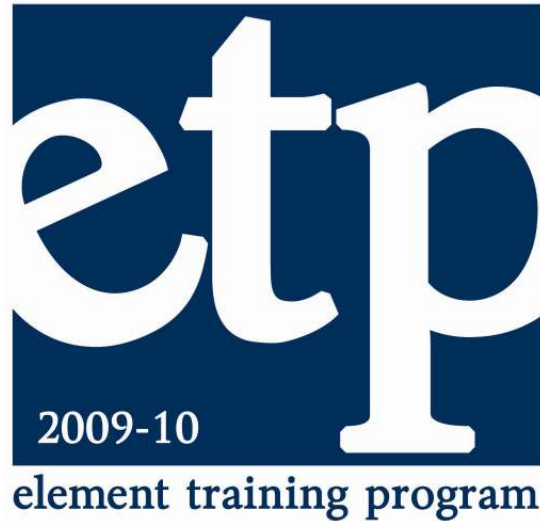


Central Depository Company of Pakistan Ltd.

Welcome to



Agenda

Introduction

Eligible Pledgee

Pledge Transactions in CDS

Pledge in CDS

Maintenance of Eligible Pledgee Account

Security Issues

General Suggestions

Question & Answer Session

Introduction

CDS - Central Depository System:

- The Central Depository System is an Electronic Book Entry System that:
 - *Records & maintains securities, and*
 - *Registers transfer of securities.*
- It changes the ownership of securities without any physical movement/endorsement of certificates and/or execution of transfer instruments.

Introduction

Central Depository System (CDS)

Issuers/Registrars

Participants/Account
Holders

Eligible Pledgee

2009-10

Eligible Pledgee

Eligible Pledgees are financial institutions that lend against securities.

E.g. Banks, Modarabas, FIs', etc...

And

Eligible Pledgees can also be SEs' and Clearing Co. that accept securities for exposure purposes.

Pledge Transactions in CDS

- Pledge Group Creation
- Pledge Release
- Pledge Call

2009-10

Pledge Transactions in CDS

Pledge Group Creation:

- Opening a new Pledge Group ID / Contract in CDS through which securities are pledged by a Participant.
- Securities pledged in favor of eligible pledgee are no longer available for any transaction at Participant end.
- Securities can be pledged only from House or Sub Account

Pledge Transactions in CDS

Pledge Release:

- Securities can be released from pledge position by the eligible pledgee using the **Pledge Release Transaction**.
- Securities that are released from pledge are available for transactions such as Free Delivery, Withdrawal or another Pledge at Participant end.

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Pledge Transactions in CDS

Pledge Call:

- Eligible pledgees have the option for calling off the securities in the specified CDS custody account with Participant or IAS in the CDS.
- In case of Pledge Call Securities are removed from Pledgor CDS account.

2009-10

Pledge in CDS

- Banks are not allowed to provide financing against securities that are not live on CDS.
(Ref. SBP Circular no. 34 dated Oct 20, 1999)
- Securities revoked from CDS are also removed from pledged position.
- All corporate actions on pledged securities are the entitlements of beneficiary.

Maintenance of Eligible Pledgee Account with CDC

1. Change in Authorized Signatory(ies):

- Authorities delegated by way of Board Resolution
- Authorities delegated by way of Power of Attorney

2. Change of Management

- Board Resolution.
- Attested copy of Form 29 – SECP.

3. Change of Company Name

- Request letter
- Certificate of Incorporation on change of name.
- UIN should be updated in NCDB.

Maintenance of Eligible Pledgee Account with CDC

Request Letter on Company's Letter Head intimating about necessary change is required for the following:

1. Change in Contact Person
2. Change in Other Registration Details
3. Change of CDS User Option
4. Change in Terminal Details
5. Additional Terminal
6. Re installation of CDS
7. Change of CLI-10

Security Issues

1. RSA Token
2. Terminal Authentication
3. Confidentiality of Passwords
4. Timely Change of Password
5. CDS Password Set up Parameters & Maintenance
6. CDS User Access Policy
7. Avoiding internet usage on CDS Terminal
8. Reporting Security Concerns to Customer Support Services

General Suggestions

1. Usage of Global Terminal
2. Reviewing of CDC Website for Updates
3. E-mail Integration Facility
4. Timely Reporting of Queries
5. CDCPL Regulations
6. Password Reset Confirmation
7. Uninterrupted Power Supply
8. Alternate option to connect to CDS through Fibre Link