



# **PROCEDURES FOR INDUCTION OF SAVING CERTIFICATES IN CDS**

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## 1. INTRODUCTION

- 1.1 These procedures have been made pursuant to Chapter 8I of the Central Depository Company of Pakistan Limited Regulations (“the **CDC Regulations**”).
- 1.2 The objective of these regulations is to induct Saving Certificates in the CDS, which are classified as Government Security under the Public Debt Act, 1944 and issued by the Central Directorate of National Savings formed by the Federal Government.
- 1.3 For the purpose of these Regulations, the term **Saving Certificates** means the national savings schemes/certificates issued by the Federal Government pursuant to rules made under section 28 of the Public Debt Act, 1944, which includes but is not limited to:
- Special Savings Certificates (SSC) issued under Special Savings Certificates Rules, 1990;
  - Regular Income Certificates (RIC) issued under Regular Income Certificates Rules, 1993;
  - Bahbood Savings Certificates (BSC) issued under Bahbood Savings Certificates Rules, 2003;
  - Defence Savings Certificates (DSC) issued under Defence Savings Certificates Rules, 1966; and
  - Short Term Savings Certificates (STSC) issued under Short Term Savings Certificates Rules, 2008;

## 2. ISSUANCE OF SAVING CERTIFICATES IN THE CDS

- 2.1 For the purpose of induction of saving certificates in the CDS, the Issuer shall comply with all the formalities of declaration of securities as Eligible Securities under Regulation 5.1.1 and attendant Procedures.
- 2.2 Accordingly, the CDC will give notice to the Issuer (CDNS), the Commission, specifying the effective date.
- 2.3 For the induction/ issuance of new Saving Certificates in the CDS, CDNS customers will fill out the form “**Issuance Form (SD-1)**” and submits it to CDNS specifying their CDS Participant ID and Account Number along with the consent to get these Saving Certificates in the Book-entry form.
- 2.4 Upon receipt of the request, CDNS will send the CNIC/ SNIC no., Participant ID, and Account Number to CDC through the designated API for validation of Account.
- 2.5 CDC will validate the parameters on a real-time basis and confirms to CDNS the results. In case, validation is successful, CDNS will process the customer request according to CDNS procedures. In case of successful and unsuccessful validation, CDC will transmit the return status to CDNS for their necessary action.

- 2.6 CDNS will transmit the Participant ID and Account numbers as mentioned in Issuance Form (SD-1) and the number of saving certificates to be credited in the book-entry form to CDC, within Designated Time.
- 2.7 Instruction from CDNS will be moved to Registrar, who shall assume the role of post mode user. Post mode user will verify the credentials and after ensuring the accuracy and completeness will post the transaction. Till such time Saving Certificates will remain parked in the Pending-in bucket of the respective account.
- 2.8 In case the subject transaction is rejected by the post mode user in case respective account is blocked, saving certificates parked in the pending-in bucket will be deleted and necessary instructions will be transmitted to CDNS through the designated mechanism, for corrective/ further action.
- 2.9 Upon crediting of saving certificates in the respective account, alerts will be sent to the Investor/ Sub-Account Holder on the mobile number or email address as available in the CDS.
- 2.10 For the purpose of facilitation and to timely reconcile the entries record in CDS with the CDNS record, CDNS will transmit the reconciliation report to CDC on a daily basis.

Note: In case, Target Account is blocked or closed at the time of crediting of saving certificates, it will not be credited in the Main Account of the Participant and will be handled as per existing procedure of CDNS.

### **3. CONVERSION OF EXSITING PHYSICAL SAVING CERTIFICATES INTO THE CDS**

- 3.1 In case of any CDNS customer wants to convert their physical saving certificates into a book-entry form, he/she shall visit designated offices of CDNS and fill out the security deposit / conversion form specifying CDS Participant ID and Account Number.
- 3.2 Upon receipt of the request, CDNS will send the CNIC/SNIC, Participant ID, and Account Number to CDC through the designated API for validation and association of Account.
- 3.3 CDC will validate the parameters on a real-time basis and confirms to CDNS the results. In case, validation is successful, CDNS will process the customer request according to its Procedures by canceling such physical instrument. In case of successful and unsuccessful validation, CDC will transmit the return status to CDNS for their necessary action.

- 3.4 Accordingly, CDNS will transmit the Participant ID and Account numbers as mentioned in the security deposit / conversion form and the number of saving certificates to be credited in the book-entry form to CDC, within Designated Time.
- 3.5 Instruction from CDNS will be moved to Registrar, who will post the transaction. Till such time Saving Certificates will remain parked in the Pending-in bucket of the respective account.
- 3.6 In case the subject, transaction is rejected by the post mode user in case respective account is blocked, saving certificates parked in the pending-in bucket will be deleted / cancelled and necessary instructions will be transmitted to CDNS through the designated mechanism, for corrective/ further action.
- 3.7 Upon crediting of saving certificates in the respective account after conversion, alerts will be sent to the Investor/ Sub-Account Holder on the mobile number or email address as available in the CDS.
- 3.8 For the purpose of facilitation and to timely reconcile the entries record in CDS with the CDNS record, CDNS will transmit the reconciliation report to CDC on a daily basis.

#### **4. REDEMPTION OF SAVING CERTIFICATES AND ENCASHMENT OF COUPONS**

##### **Redemption of Saving Certificate (Partial or Full)**

- 4.1 At the time of redemption (full or partial) of the Saving Certificate, the Account Holder may request CDC. The redemption form shall contain Participant ID, Account No., CNIC/SNIC No. and number Saving Certificates to be redeemed.
- 4.2 Upon receipt of the request, CDC will validate the CNIC/SNIC, Participant ID and Account Number, and quantity on real time basis. CDNS request via API for basic level validations in CDS and existence of request quantity.
- 4.3 Accordingly, CDC through the designated API will inform the CDNS to initiate the redemption process and make onward payment. Also parked the respective quantity of saving certificates (to be redeemed) in pending-out bucket.
- 4.4 CDNS after performing necessary due diligence at their end, make the principal payment along with any outstanding coupons attached thereto to CDC for onward disbursement to investor via RAAST channel.
- 4.5 Simultaneously, CDNS will instruct CDC to cancel the Saving Certificates available in such accounts since the payment has been made. Upon CDNS confirmation, CDC will delete the SSC quantity in pending-out bucket.

- 4.6 Accordingly, SMS or e-alerts will be sent to the customer at their designated mobile or email address available in the CDS that the saving certificate has been redeemed and payment has been made.

**Coupon Encashment Only:**

- 4.7 In case the customer intends to encash the coupon(s) only, they shall visit CDC office and submit the encashment request specifying the Participant ID, Account No., CNIC/SNIC No. and the number of coupons to be redeemed.
- 4.8 CDC on its own (where request is submitted to them) will verify the record and by transmitting the information to CDNS along with details of pending coupons associated with such account in its memorandum record.
- 4.9 Upon receipt of confirmation, CDNS will make the payment to CDC for onward disbursement to investor via RAAST channel and also inform for updating of CDS record and sending onward alerts.

**Maturity of Saving Certificates:**

- 4.10 Saving Certificates which have been matured, CDC will transmit the information and details to CDNS upon customer request in CDS for onward payment of principal and coupons in the designated Bank Account of the customer available in the CDS.
- 4.11 CDNS after performing necessary due diligence at their end, make the principal payment along with any outstanding coupons attached thereto to CDC for onward disbursement to investor via RAAST channel.
- 4.12 Simultaneously, CDNS will instruct CDC to cancel the Saving Certificates available in such accounts since the payment has been made.

**5. PLEDGING OF SAVING CERTIFICATES**

- 5.1 Pledging of Saving Certificates will be handled in CDS as per existing Pledge Procedures placed at CDC website.

**6. MISCELLANEOUS**

- 6.1 Coupons will be recorded, at the frequency when it is due, against the Saving Certificates held in the respective Account upon receipt of instruction from CDNS. CDC will maintain a memorandum record of such coupons.
- 6.2 CDNS will not be required to submit RTA reconciliation under Regulation 13.7 and no Compliance monitoring of CDNS of Saving Certificates will be conducted under Regulation 13.4 of the CDC Regulations.

- 6.3 Subject to Chapter 8I and this Procedures, all provisions of the Regulations contained in other Chapters including (without limitation) those dealing with Deposit, Withdrawal, Pledge, portfolio transfer will mutatis mutandis apply to the Savings Certificates and the Book-entry Securities representing Savings Certificates. In the event of any conflict in Chapter 8I and this Procedure with the other Chapters of the Regulations, Chapter 8I and this Procedures will prevail.
- 6.4 If any difficulty arises in giving effect to any provision of this Chapter and/or any other Chapters, CDC may relax the relevant Regulations and accordingly provide treatment through its Procedures, with the **prior approval of the Commission**, for the purpose of removing the difficulty.

For further clarification, you may call our Customer Support Services at toll-free number **0800-CDCPL (23275)** or visit our website [www.cdcpakistan.com](http://www.cdcpakistan.com) for more information.