

**Detailed process flows of
investment in stock market by
NRP through Roshan Digital
Account (RDA)**



CDC to facilitate Non-Resident Pakistanis to **invest** in
PAKISTAN STOCK MARKET
through **Roshan Digital Account**



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Flow1: Account opening

- Non-Resident Pakistani (NRP) approaches any of the designated Bank's online portal.
- NRP submits details and soft copies of documents to Bank through portal.
- On the basis of the information provided by NRP, designated bank will perform its own KYC and due diligence and confirm the status of account opening to the NRP in 48 hours.
- After opening of the RDA, Bank will provide NRP the option of investing in the following asset classes:
 - Naya Pakistan Certificates
 - Stocks (equities, debt, others)
- In case NRP selects "Stocks/CDC" for the mode of investment, Bank will:
 1. ask the NRP to give consent to allow the bank to share his/her information and soft copies of documents with CDC and subsequently with other Stock market entities.
 2. obtain agreement of NRP on terms & conditions of Custody and Trading Accounts and will ask the NRP to accept the terms & conditions.
 3. select a brokerage house (names of all brokerage houses eligible for the service and connected with CDC will be available on the Bank's portal for NRP).
- Bank will transmit the aforementioned details and soft copies of documents of NRP along with IBAN to CDC (through API or other electronic mechanism).
- CDC will send an email intimation to NRP of receiving the information from the Bank.
- CDC will transmit the information and soft copies of documents
 1. to the respective brokerage house (as mentioned by the NRP initially, through API or other electronic mechanism).

2. to NCCPL for opening of UIN.

- Brokerage house will perform their own due diligence and confirm to NRP and CDC regarding the opening of trading account (CKO is exempted for all such accounts) within 24 hours / one business day, along with the details of online trading portal.
- The information received from CDC will suffice all the information required by the Broker for opening of Trading account (including terms & conditions), and CDC will also confirm to Brokerage house that NRP has given his/her consent for opening of Trading account with the Broker. The confirmation from the Broker regarding the opening of Trading account will constitute as the acceptance of the offer of NRP.
- Broker may also refuse to open the account of NRP, at its sole discretion.
- In case there is no response from Broker within 24 hours or refusal from Broker to open the account, CDC will contact the Broker/NRP and request for future course of action from him.
- Broker (if deemed necessary by Broker) may request more documents from NRP directly, to perform Enhance Due Diligence (EDD) (if required).
- Broker may take further confirmations from NRP directly like confirmation on fee structure, etc.), after opening of Trading account.

Flow 2: If the designated Bank of NRP is directly offering Custodial Services (SCRA Model)

- Designated Bank should clearly specify on its web portal/app regarding the availability of the following two options, if Bank is offering both the options to the NRP.
 - 1- Custodial Services through Bank (Direct Bank Model) under section 9(A) of chapter 20 of FE Manual
 - 2- Custodial Services through CDC (CDC Direct Settlement Service) under section 9(C) of chapter 20 of FE Manual
- In case where NRP opts for “option 1”, Bank will transmit the data to CDC through an API specifically marked for this option.
- As soon as CDC receives the data from Bank, CDC will intimate the NRP regarding the receipt of data and will inform him/her that the received data will be passed on for further processing to the selected Broker, NCCPL and Bank for the creation of CDC account, Trading account and UIN.
- Under this option, Bank will be responsible for all the matters related to Clearing, Settlement and Custody of the NRP in order to comply with the requirements of section 9(A) of chapter 20 of FE Manual.
- Bank will also be responsible for dealing directly with the Broker for obtaining all trade related information.

Flow 3: If NRP wants to trade through CDC DSS

In this case, in parallel to the opening of Trading account with Broker, CDC will also open the IAS account and confirm regarding the same to NRP and brokerage house in 24 hours and share the details of CDC access with the NRP. In this case, CDC will only be responsible for the clearing & settlement of trades executed through respective broker.

Buy Transaction:

- To initiate the first purchase request, NRP will transfer the amount online to CDC from his/her RDA account (or instruct the bank to do so); immediately the same will start reflecting on the portal/app of the brokerage house.
- Now, NRP can purchase the securities through portal/app of brokerage house.
- After a purchase transaction is executed by NRP, CDC will receive a notification from NCCPL (IDS) to accept the trade. CDC, after performing “pre matching”, will accept the trade.
- At settlement date (T+2), CDC will give the cash to NCCPL and receive the purchased securities in the IAS Account of the NRP. CDC will also notify the NRP regarding the completion of the settlement process.
- CDC will also provide the details of the settlement to the respective bank of the NRP where the RDA was opened, so the bank can have complete reconciliation available regarding the usage of funds of RDA.

Sell Transaction:

- After the completion of the purchase transaction, securities will be immediately available on the portal/app of the Brokerage house.
- NRP can sell the securities through Brokerage house portal/app.
- After the execution of the sale transaction, trade details will come to CDC through IDS, and CDC will accept the settlement obligation after pre matching.

- At T+2, CDC will receive the cash from NCCPL and handover the securities to NCCPL.
- CDC will transfer the cash to the RDA account of the NRP (on the instructions of NRP) with complete details of the trade (price, no. of shares, etc., even the reconciliation with the earlier purchase transaction), so that the bank can have full confidence that the receiving amount is legitimate and against the same earlier remitted amount of the NRP.
- Same process will be followed for all trades of NRP.
- All corporate actions will be credited in the IAS account of NRP with CDC except cash dividend. Cash dividends will be credited in the checking account of CDC, and CDC will subsequently credit the cash to the respective RDA accounts of NRPs.
- All other charges—such as payment of broker commission and CGT to NCCPL—will be made by CDC.

Provision of Broker Bill and Reconciliation Information

- As per the requirements of SBP (specified in section 9(C) of chapter 20), CDC will provide Broker bill for all the trades to the Bank in electronic format.
- CDC will also provide all the necessary information to the Bank, required for monthly reporting to the SBP, as per the format specified by SBP as “Annexure B” of FE Circular No. 1 of 2020 dated 5th August 2020.

Repatriation

- NRP may request anytime to CDC (through CDC portal/app or email) to transfer the funds back to RDA.
- Subsequently, NRP may request to his/her Bank to repatriate the funds overseas.

Fields/documents to be obtained by the bank & shared with CDC

| Fields | Documents |
|--|--|
| <ol style="list-style-type: none"> 1. Full Name (as per identity document) 2. Father/ Spouse Name 3. Mother’s Maiden Name 4. Date and Place of Birth 5. CNIC/ NICOP/ POC number along with date of issuance 6. OPF membership number, where applicable 7. Passport Number (s) (Pakistani or foreign/ other country) 8. Nationalities (list all) 9. Email address 10. Phones: Cell number, Landline 11. Complete Mailing Address including Country of Residence 12. FATCA/CRS Declaration (Online) 13. Profession 14. Source of Income: Salary, Business, investment income, etc. | <ol style="list-style-type: none"> 1. Original scanned CNIC/ NICOP/ POC 2. Original scanned Passport (first 2 pages) (Pakistani and/or foreign/ other country) 3. Proof of NRIP status (e.g. scanned copy of POC, visa, entry/ exit stamps, etc.) 4. Proof of Profession and Source of Income/ Funds (e.g. scanned copy of job certificate, tax return, rent agreement, salary slips, etc.) 5. Live photo of the customer/s 6. Signature (wet/digital/electronic) or any other authentication method recommended by the bank |