



**PROCEDURES FOR**  
**DIRECT SETTLEMENT SERVICE**  
**September 03, 2020**

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## 1. INTRODUCTION

Direct Settlement Service (DSS) is a web based service through which DSS subscribed IAS Account Holder may avail DSS functionality via CDC access web portal for the submission of Earmarking Instruction.

Subscription of DSS enables the IAS Account Holder to settle their trades executed at Stock Exchange directly through their respective IAS Account and thus eliminates the current mandatory requirement of maintaining sub account with TREC Holder (Brokers of Stock Exchange) for settlement of trades. However, for the execution of trades, investor will establish contact with the TREC Holder as per the existing practice/mechanism.

## 2. MARKETS COVERED

Trades executed in Ready and Odd Lot Market.

## 3. DSS SUBSCRIPTION

- a) DSS is an optional service and this facility is only available for IAS Account Holder maintaining an account under CKO regime. There are no restriction for subscription and un-subscription of DSS service.
- b) DSS subscription form duly filled and signed as per operating instruction in case of Individual IAS account. For non-individual IAS account, the form should be signed by the authorized signatory (ies) as per the operating instructions dully stamped. .
- c) In case IAS account holder has already submitted the power of attorney shall ensure to submit the revised power of attorney as per the prescribed format covering DSS activities.
- d) Non-individual IAS Account Holders must ensure to submit revised board resolution covering DSS activities, as per the prescribed format.
- e) Apart from the details mentioned on DSS subscription form, all other account details including operating instructions will be considered same as provided by the IAS account holder(s) to CDC in the Investor Account Opening Form and any changes made therein subsequently.

## 4. DSS ACTIVATION – ROLE OF TREC HOLDER

- a) Based on subscription of DSS service and upon client(s) instruction, respective TREC Holder needs to perform the KYC process in accordance with the CKO regime of NCCPL and applicable laws pertaining therein.
- b) Subsequently, TREC Holder shall issue the new Back Office ID for the purpose of settlement of trades directly with IAS Account.
- c) TREC Holder to add IAS Account Holder Back Office ID under the category of “IAS” in UIN Registration functionality of National Clearing & Settlement System (NCSS).

- d) TREC Holder to tag the IAS Account No. with Back Office ID for performing transactions through DSS. In case if IAS Account is not tagged, IAS Account Holder will not be able to execute trade and settle it through IAS Account.
- e) TREC Holder integrated with CDC shall be able to provide offering online access of trading platform shall ensure connectivity to avoid rejection of Earmarking Instruction in DSS to IAS Account Holder.
- f) TRECH Holder not integrated with CDC shall not be able to offer DSS Service to IAS Account Holders.

## 5. ACTIVATION OF BENEFICIAL TREC HOLDER (BTH)

- a) DSS Subscribed Account Holder will be required to add integrated BTH(s) which can be updated anytime in CDC Web Access.
- b) Upon adding BTH, PIN code will be generated through eAlert. Upon entering the PIN code, system will validate and add the BTH.
- c) DSS Subscribed Account Holder will be able to select the BTH to initiate Earmarking Instruction for execution of trade.
- d) DSS Subscribed Account Holder can work with only one TRECH Holder at time to execute the trade.
- e) DSS Subscribed Account can define only one BTH at a time. In order to change the BTH , it is necessary to remove the existing BTH and add the new one.

## 6. TRADING VIA DSS SUSBCRINBED IAS ACCOUNT

### a) *Accessing CDC Access Portal*

- i. *Trading via DSS subscribed IAS Account requires to first earmark all available securities and/or cash in their IAS Account before initiating trade execution instruction to TREC Holder.*
- ii. *Earmarking instruction can be initiated via the CDC Access website([www.cdaccess.com.pk](http://www.cdaccess.com.pk) )*
- iii. First time log in clients on cdc access website shall go through the initial login process where they will be required to verify the identity by entering the secret information and forced change of the system generated password.

### b) *Earmarking Instruction*

- i. The next step is to ear mark the securities and /or cash within which the IAS Account holder can execute the trades.
- ii. Earmarking Instruction to CDC means the irrevocable instruction given by the DSS Account Holder to CDC

- iii. To block for a perpetual period the complete portfolio of securities and cash as available in the DSS subscribed IAS account of the client. These blocked securities and cash will not be available to the client for any other transactions or withdrawal during the day.
- iv. To disclose on a daily basis to the concerned Beneficial TREC Holder, the balance of securities and cash portfolio as available in client DSS subscribed IAS account.
- v. To settle trade(s) on settlement date and within the designated time, provided that the trades executed are within the limits of the securities and cash portfolio earmarked in the DSS subscribed IAS account. Any trade that exceeds the limits of the Earmarked securities and cash will be rejected and settled by the respective TREC Holder.
- vi. To settle trade(s) on settlement date and within the designated time, provided that the trades executed are within the limits of the securities and cash portfolio earmarked in the DSS subscribed IAS account. Any trade that exceeds the limits of the Earmarked securities and cash will be rejected and settled by the respective TREC Holder.
- vii. Earmarking of the securities and cash portfolio will be a one-time activity after which the DSS client will be required to earmark the portfolio again.
- viii. The client shall accept disclaimer at the time of earmarking that the whole portfolio of cash and securities as available in the DSS subscribed IAS Account for the purpose of trading.

***c) De-Earmarking Instruction (DI)***

DSS clients will have the option to de-allocate (de-earmark) the Earmarking instruction of their IAS account subject to the condition that there are no pending settlements of trades. Once earmarking is deactivated the portfolio of cash and securities in the DSS subscribed IAS account will not be available for trading. Further, please note that de-allocation shall be effective at day end.

***d) Modes of Trades execution:***

- i. TREC Holders provide various modes through which the IAS Account Holder can commence trading
- ii. Place trade order on TREC holder provided online portal/mobile app.
- iii. Place trade order via phone call
- iv. Place trade order via email/WhatsApp or any other offered made by the broker

***e) Trade Execution – Buy Case***

- i. For a buy transaction, IAS Account Holders must ensure that sufficient cash balance is available in their DSS subscribed IAS account before trade execution.
- ii. In order to make funds available in DSS subscribed IAS Account, IAS Account Holders can transfer the required funds from their cash account to CDC designated bank account.

- iii. Upon ensuring that sufficient funds are available with CDC, IAS Account Holder will initiate buy trade execution instruction to the concerned TREC Holder through the modes listed above.
- iv. Additionally, the IAS Account Holder can also buy securities on the basis of funds that are due from settlement of sell transactions that were conducted on or before the settlement date of the buy transaction (Intra/Inter day trading).

*f) Trade Execution – Sell Case*

- i. For a sell transaction, IAS Account Holders must ensure that sufficient securities balance is available in their DSS subscribed IAS account before trade execution.
- ii. Additionally the IAS Account Holders will also have the option to sell securities that were bought before and are due for settlement on or before the settlement date of the sell transaction (Intra/Inter day trading).
- iii. Upon ensuring that sufficient securities balance is available with CDC, the IAS Account Holder will initiate sell trade instruction to the concerned TREC Holder through the modes listed above.

## 7. REPORTS & ACTIVITES

- i. Daily Transaction Report
- ii. CDC Balance Report
- iii. IAS Account Holder Report

## 8. ALERTS & NOTIFICATION

DSS Subscribed Account Holder shall be notified through SMS & eAlerts pertaining to DSS Transactions. For updated list of events, kindly refer to our website [www.cdcpakistan.com](http://www.cdcpakistan.com)

## 9. DISPUTE HANDLING TRANSACTIONS

It is responsibility of DSS Subscribers regarding selection of BTH for the purpose of trading or dealings and enter into mutually agreed upon terms and conditions. CDC in any case will not be responsible or liable for any such dealings/trading or matters taking place between the DSS Subscriber and the BTH.

## 10. TREC HOLDER'S COMMISSION

TREC Holder commission and other charges will be deducted from the DSS subscribed IAS cash maintained with CDC. Accordingly payment (after deducting tax on commission) will be made to the concerned TREC holder.

## 11. PAYMENT MECHANISM

### a) PAYMENT TO CDC

- i. Payment to CDC can be made via following modes in the designated bank account of CDC by the title holder:
- ii. Online / electronic fund transfer.
- iii. Detail of CDC designated bank accounts are specified in Annexure "A"
- iv. Credit will be given to the respective IAS account with CDC upon realization of sale proceeds in CDC's designated settlement bank account. Third Party payments and cash payment are not accepted.

### b) PAYMENT INTIMATION TO CDC

DSS subscribed IAS Account Holder needs to immediately intimate the details of payment to CDC through the registered email address at [dss@cdcpak.com](mailto:dss@cdcpak.com) to validate the payment or duly signed letter along with proof of payment.

### c) PAYMENT TO IAS ACCOUNT HOLDER

- i. Payment or available amount will be made to IAS Account Holder through online / electronic fund transfer mechanism on the basis of instruction received from IAS Account Holder in the designated bank account.
- ii. All payments will be made to client's designated bank account as available in CDC's record after the deduction of applicable charges.

## 12. CAPITAL GAIN TAX

Capital gains tax (CGT) withheld upon sale transaction by NRP, will be deducted from the respective NRP IAS accounts as per the CGT report provided by NCCPL on a monthly basis.

### 13. FOR PLACING INSTRUCTIONS THROUGH WEB PORTAL

Investor may initiate Earmarking Instruction on CDC's web portal at any time of the day.

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.