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(Karachi, August 29, 2012): AKD Securities Ltd. a leading brokerage house has signed an agreement to become Market Maker (MM) in KSE-30 based Stock Index Futures at Karachi Stock Exchange. AKD Securities has committed to execute a minimum of 100 contracts daily and up to 500 contracts within 6 months. A press conference was jointly addressed by KSE Managing Director and the CEO of AKD Securities to explain the modalities, terms and conditions of the Market Making Agreement

Speaking on the occasion, Mr. Nadeem Naqvi, the Managing Director of Karachi Stock Exchange said that Stock Index Futures Contracts were launched as the central element of Derivatives Segment some time back. Lack of liquidity has been the biggest challenge and hurdle in development of the Derivatives Segment, which includes Cash Settled Single Stock Futures and Stock Index Futures.

AKD Securities will provide and execute the above mentioned contracts with quantum in value traded expected to grow from Rs. 6.5m/ day upon commencement to Rs. 32.5m/ day in six months' time.

Mr. Nadeem Naqvi lauded the extremely supportive role of the Securities and Exchange Commission of Pakistan (SECP) and thanked the Commission for granting approval for waiver of basic deposits in Stock Index Futures and Cash Settled Single Stock Futures, approving regulations governing Exchange Traded Funds(ETFs), rightsizing of margining regime for (Margin Trading, Stock Lending and Borrowing) and approving pro market amendments in regulation governing Market Making at Karachi Stock Exchange, in the best interests of Capital Market Development in Pakistan.

He further said that Lahore Stock Exchange's (LSE) request to allow KSE-30 Index based Futures trading at Lahore Stock Exchange has been approved by the KSE Board. KSE and Bombay Stock Exchange (BSE) are also in advanced stages of discussion regarding cross listing of indices on Futures Contracts. The recent circular from the Reserve Bank of India (RBI) allowing Pakistani individual and corporates in Indian company shares is a welcome development and should help in accelerating the cross listing process between KSE and BSE.

Discussions with Dubai Financial Market (DFM) and Abu Dhabi Securities Market for cross listing of benchmark indices have also taken place. He believed that "Liquidity begets Liquidity", as he said that biggest challenge in Derivatives has always been to kick start the market. Citing the Indian example, he stated India took half a decade and their derivative market remained moribund until BSE appointed Market Makers. Only after that the derivatives market took off and today India boasts of having the second largest equity derivative market in world.



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CEO AKD Securities, Mr. Farid Alam while talking on the occasion, thanked KSE for providing them an opportunity to play their role in the Development of Capital Market Industry. He acknowledged that they would provide liquidity by committing to remain on both sides of the Stock Index Future Order book daily (i-e providing bids and offers). He was confident that his company and group have the will and ability to meet this momentous task in the wider interest of developing Pakistan's capital market.

He emphasized the importance of Derivative Segment including the Futures and Options and was of the view that in order to cater to the various classes of investors such as Arbitragers, Hedgers, and Speculators, resolution of liquidity issues in product like Stock Index Futures was long awaited.

Mr. Alam highlighted the pivotal role of AKD Securities in developing a huge pool of trained professionals in the Capital Market of Pakistan, who are currently leading various big and small market related organizations. Mr. Alam briefed the press about the various initiatives by AKD Securities to introduce innovative capital markets products, the most recent being the Treet's Participation Term Certificate (PTC) which were the first transaction of its kind in Pakistan.

While concluding his remarks, he thanked KSE for waiving the basic deposit of SIFC counter, which he believed would be instrumental in encouraging new participants in SIFC counter and shall bring liquidity and enhance investment opportunities for KSE Investors.

Mr. Sani-e-Mehmood Khan – General Manager Market Development and New Products, said that this arrangement between KSE and AKD Securities was a significant milestone towards addressing the long unresolved issue of liquidity in the Derivatives Segment. He added that Stock Index Futures was a unique product offered which allowed taking a composite exposure in Top-30 liquid stocks, representing 70% of total market capitalization with a single click. The KSE-30 Index futures allows an investor to put up Rs.7,500/= as margins and potentially obtain a positive or negative return of Rs. 5 per Index Point movement. If, for example, the investor speculated Index fluctuation of a 100 points during the day, then the gain or loss would be Rs. 500/day.