

2021Q1 Online Bulletin

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CDC launches new fintech initiative of Mutual Fund Digital Platform (EMLAAK Financials)

Central Depository Company of Pakistan Limited, through its subsidiary ITMinds Limited, has launched the pilot version of a digital platform for the support of the Mutual Fund industry. This platform, named as “Emlaak Financials”, will function as a digital distribution channel initially for Mutual Funds and later on for other asset classes also.

In the first phase, ‘Emlaak Financials’ will provide a low-cost and centralized solution to investors, initially through covering low-risk investors, but will soon be expanded to a full-fledged distribution mechanism for all types of investors. The pilot project has been launched with five AMCs; however, soon more AMCs will be on-boarded on the platform. The launch of the pilot project has been officially announced and formalized in an Agreement Signing ceremony at the CDC House, Karachi. Mr. Farrukh Sabzwari—Commissioner Specialized Companies Division (SCD) SECP presided the event.

While addressing the occasion, Mr. Farrukh Sabzwari—Commissioner SCD SECP said, “It is indeed a very important milestone for the Mutual Fund Industry as it embarks on this consolidated digital distribution channel launched for the first time in Pakistan. We, at SECP, are strong proponents of re-engineering processes for promoting efficiency and transparency through digitalization and will continue to support and encourage all such initiatives by providing all the required Regulatory assistance in this regard. Pakistan’s mutual fund segment stands at a meager 1.6 percent of the GDP, which is very low compared to the market’s potential. A major obstacle in moving the needle has been limited outreach and focus on specific market segments. The pivotal role of innovation in economic development is undeniable, and I congratulate CDC on coming up with this innovative solution for the Mutual Fund Industry which will lead to higher productivity, reduced turnaround times, lower costs and wider outreach.”

At the occasion, describing the objectives of the platform, Mr. Badiuddin Akber—CEO CDC said, “After the successful integration of Roshan Digital Accounts with Capital market, CDC is now launching this new FinTech solution which aims to pave the way for the growth of the Mutual Fund Industry and for promoting financial inclusion in Pakistan at the grass-root level. CDC is committed to provide innovative tech-based platforms to Capital Market entities through which they can leverage CDC’s technological edge to enhance their investor outreach in a convenient, informative and interactive manner.”

The event was also attended by representatives of the participating AMCs and CEO MUFAP, Ms. Mashmooma Majeed, who lauded CDC's efforts in undertaking this initiative and playing its role for the development of the mutual fund industry.

*Source: [Central Depository Company of Pakistan Limited, 2021/01/01](#)

CDSL CROSSES 3 CRORE DEMAT ACCOUNTS

Central Depository Services (India) Limited (CDSL), first and only listed depository in India, is pleased to announce its noteworthy milestone today as it becomes the first depository to open three crore plus (30 million) active demat accounts.

Celebrating the new milestone, CDSL remembers its journey:

August 2015: CDSL demat accounts cross 1-crore mark

January 2020: CDSL demat accounts cross 2-crore mark

January 2021: CDSL demat accounts cross 3-crore mark

CDSL is currently the largest depository in the country in terms of active demat accounts. A celebration event was organised to commemorate the achievement for 3 crore demat accounts. The celebration event was graced by the Chief Guest, Shri G Mahalingam, Whole Time Member, SEBI and other senior dignitaries from SEBI, the top officials of the Market Infrastructure Institutions (MIIs), Members of the CDSL Board, a large number of Depository participants, RTAs and other stakeholders.

On this momentous occasion, Shri G Mahalingam highlighted on the importance of the capital markets and stated “I congratulate CDSL and its employees for the significant achievement of 3 crore demat accounts and its markets share of 59%. This event will be the beginning of the positive turn towards the growth of the eco-system and also to the new normal.

Of the new accounts, around 98.4% comes from the retail investor and with an outreach of 97% pin-codes. Demat accounts are opened with colossal efforts of all participants of the eco-system. This celebration also brings in the responsibility to sustain these accounts and there is an immense opportunity of growth given that a large part of the population of our country is yet outside the securities markets.” He complimented CDSL for being one of the few listed MIIs. Further, he also focused on the need to create an awareness for the market for government securities, the role of MIIs, investor protection and importance of corporate governance systems and the regulatory responsibility for a strong sustainable ecosystem amongst the market infrastructure institutions.

Expressing his joy and pride on the moment, Mr. B V Chaubal, Chairman, CDSL said: “It is heartening to note that the focus of registration of new demat accounts is shifting from metros to tier II and tier III cities, which is indicative of the deepening and widening of the Indian Capital Market. In the 21st century, riding on financial technology, this crisis has brought opportunity to accelerate digital innovations. CDSL

has been working towards strengthening its digital footprint and providing various digital solutions for the investors.

In conclusion, these 3 crore demat accounts are the testimony of the convenience offered by CDSL to its customers”

Commenting on the occasion, Mr. Nehal Vora, MD & CEO of CDSL stated: “We are proud to have crossed the 3-crore milestone within a year of reaching the 2 crore milestones. The trust bestowed upon us by the new investors, existing investors and all our partners inspires us to do better, every day. CDSL will continue to provide services for the progress of the securities markets, for the valued investors in line of our vision of “Empowering the Atma-nirbhar Niveshak” through our digital services. I would also like to emphasize on the visionary leadership of SEBI to transform the securities market from a physical mode to a digital mode and the creation of a coordinated eco-system of Market Infrastructure Institutions comprising of Stock Exchanges, Clearing Corporations and Depositories which have collectively driven the ecosystem of digitisation forward. This landmark is a celebration of this coordinated effort of the MIIs under the able leadership of SEBI.”

*Source: [CDSL e-Infoline, February 2021](#)

New Securities Lending and Borrowing System to Be Introduced on March 8

Korea Securities Depository announced on Feb. 8 that a computerized system for securities lending and borrowing and original contract storage for borrowers would be introduced as part of the government's plan against naked short selling.

The new system is to enhance the transparency of securities lending and borrowing by storing relevant data at Korea Securities Depository. It will be introduced on March 8 for local investors and later for foreign investors. The government's short selling ban is scheduled to be lifted on May 3 and the system introduction for foreigners is likely to be later than that due to different authentication methods. The interval is likely to result in problems in that naked short selling in the South Korean stock market has been led by foreign investors.

Specifically, from 2017 to September 2020, a total of 32 cases of illegal short selling were detected and punished and all except for one were conducted by foreign institutional investors and pension funds. For example, a fine of 7.548 billion won was imposed on Goldman Sachs in 2018. In January this year, the number of shares short-sold by foreign investors totaled 331.83 million, 60.26 percent of the total.

It is pointed out that the new system not covering foreigners will lead to another side effect and short selling resumption has to be preceded by the establishment of a system with which short selling can be fully controlled.

*Source: [Business Korea, 2021/02/24](#)

NSDL's First Step towards Digitization of Commercial Paper Issuance Process in India

National Securities Depository Ltd. (NSDL) has successfully completed the first digitization of Commercial Paper Issuance process in India in collaboration with YES BANK as an Issuing & Paying Agent, Centrum Microcredit Ltd. as an Issuer, NSDL Database Management Limited as a Registrar & Transfer Agent and Northern Arc Investments as an Investor.

The entire Commercial Paper issuance process from start to end was done electronically, where all the participants viz. Issuer, Investor, IPA, RTA and NSDL completed the process in a digitized way.

Currently the CP issuance process involves various documents like ISIN request application, letter of offer, deal confirmation note, IPA certificates, corporate action etc. being prepared, signed and delivered in physical mode by Issuer, Investors, IPAs and R&T Agent, requiring considerable time and efforts. The same process has been transformed into electronic mode through NSDL's platform, where same documents are digitally signed, submitted and processed.

Speaking on this revolutionary stride Mr. G V Nageswara Rao, MD & CEO, NSDL said, "NSDL has always been in the forefront of digitization of capital markets in India, our first step towards digitization of Commercial paper issuance process shows our effort towards the path of innovation and modernization to bring more transparency, more convenience to market players while focusing on enhancing overall safety and security. We have completed the country's first entire Commercial Paper issuance process from start to end electronically via NSDL platform. We are overwhelmed by the response received from the market players on the NSDL move towards transformation of cumbersome paper based process to seamless electronic process thereby enhancing the efficiency and timeliness of the entire commercial paper issuance process."

Speaking on the implementation, Mr. Ajay Rajan, Global Head - Transaction Banking Group, YES BANK said, "In-line with our technology ethos, investment and leadership within the transaction banking space, we are pleased to have participated in this industry first end-to-end digitally managed Commercial Paper issuance on the NSDL platform. This unique model brings all stakeholders on a common platform and paves the way for disruptive innovation in the Indian Financial markets space. We believe this will enable a paradigm shift in the way corporates are able to complete issuance of debt instruments, leading to significantly reduced TAT and better transparency. We will continue to partner with NSDL and evangelize this platform in-line with our digital transformation initiatives."

Mr. Prashant Thakker- CEO, Centrum Microcredit Limited said, Under the current circumstances the business world is adapting to embracing technology and digitization in every aspect, Centrum Microcredit is pleased to be associated with NSDL to have engaged in an end to end digital issuance process of Commercial Paper. This has eased out the entire paper based process and reduced execution time significantly. Centrum Microcredit is happy to participate in the first online Commercial Paper issuance process and we would like to thank NSDL, Yes Bank as an IPA and Northern Arc Investments as an investor for this opportunity.”

Mr. Ravi Vukkadala, CEO, Northern Arc Investments said, “NSDL’s Digital platform has enabled real time integration among the Issuer, IPA, RTA and Investor for Commercial Paper Issuance. The operational ease by transiting from paper to digital process will help deepen access to the short term securities market, primarily dominated by A1+ issuers currently. Northern Arc’s investment in Centrum Microcredit’s issuance via this platform has been a smooth experience.”

NSDL’s workflow-based platform facilitates Issuer, Investors, IPAs and R&T Agent to undertake CP issuance process online in efficient manner and in accordance with directions and operating guidelines issued by RBI and FIMMDA. The whole process is secured using a digital signature certificate (DSC) by all participants (i.e. Issuer, Investor, RTA, IPA and NSDL). The platform will enhance the efficiency and timeliness of the entire issuance process thereby providing considerable benefit to all the participants.

*Source: [National Securities Depository Limited, 2021/03/08](#)

Number of TDCC ePASSBOOK Users Exceeds Two Million

The number of TDCC's ePASSBOOK users has reached over 2 million. According to TDCC Chairman & CEO Sherman Lin, to promote Fintech innovation and satisfy investors' needs, the app has constantly been evolving as it has been in use for almost four years. It is not just a dematerialized passbook anymore. Through ePASSBOOK, investors can receive, inquire about, and check stock affairs information and equity notifications; besides, they can gain an integrated view of their balances and trade details in different securities accounts under one name. The app has brought excellent efficiency to investors' account management. These multifunctional features have made the app prevalent among investors; thus, after the user number surpassed 1 million in March 2020, there was another increase of 1 million investors just a year later. This evidently shows the strong practicality of ePASSBOOK.

In addition, in terms of the functions that users prefer, "My Assets" is the favorite one of all. One of the functions, "One Passbook Multiple Assets," allows users to integrate all their assets, including securities, bonds, funds, and gold, into one app. On average, each user spends 70% of the time on this page that integrates their assets' market values. Also, as a pioneer in the industry, TDCC launched "Securities Asset Run Chart," visualizing investors' securities assets in curves and comprehensively recording their assets' history. Through shifting from one time zone to another, investors can gain a clear picture of their assets' history of a specific time sequence. As investors have a more efficient grasp of their investment performance, they can start planning their future directions. There's no doubt that ePASSBOOK can offer the one-stop solution and satisfy investors' needs to view their asset inventory and look for new investment targets on mobile devices.

As TDCC president, Chu Han-Chiang, points out, as the functions of ePASSBOOKS become more comprehensive, the percentage of new account applicants preferring ePASSBOOK to conventional paper passbooks has been drastically increasing: 31% in 2017, 46% in 2018, 65% in 2019, and 77% in 2020. This rise undoubtedly shows TDCC's endeavor in optimizing the app for the past four years. In the future, TDCC will strive to accomplish the objectives of the FSC's policy "Fintech Development Roadmap": increasing efficiency, accessibility, usability, and quality of fintech services, and constantly exploring users' needs in the innovative Fintech ecosystem to improve the usefulness of ePASSBOOK, bringing investors more efficiency to participate in the market, and reaching the goal of inclusive financing.

*Source: [Taiwan Depository & Clearing Corporation, 2021/03/09](#)

CDC successfully processes 1st cash dividend through RAAST of “Pak Datacom Limited”

As a historic milestone in the country’s payment landscape, Central Depository Company (CDC) has successfully processed the Cash dividend of “Pak Datacom Limited” through State Bank’s RAAST payment gateway. It is indeed a moment to celebrate for both CDC and Pak Datacom Limited as both the companies were the first entities to utilize the services of Pakistan’s new and fastest payment gateway of RAAST (inaugurated by honorable Prime Minister Imran Khan on Monday, 11th Jan 2021).

CDC is working with SBP on this project for the last 1 year to make this possible. CDC is now connected with all major Banks on RAAST, and will process all dividend payments more efficiently and cost-effectively. Speaking at the occasion CEO CDC, Mr. Badiuddin Akbar, said, “It is indeed a landmark achievement that Raast has now been launched and operational with CDC on-board for the processing of all Dividend Disbursement transactions which will extend valuable process improvements in terms of transparency, security, efficiency and cost-effectiveness. We are confident that with the help of Raast, there would be a complete transformation of the payment landscape of Pakistan.”

CDC is thankful to SBP and SECP for their continued support and patronage in achieving yet another milestone in its market transformation journey. CDC is already processing thousands of transactions related to Roshan Digital Accounts in Stock Exchange, where again SBP placed its trust on CDC to act as the bridge between Banks and Capital market entities and to become the gateway for non-residents Pakistanis to invest in Pakistan Stock Exchange (PSX). Around 2000 Roshan Digital Account holders are efficiently investing in PSX with an estimated worth of around PKR 375 million (around USD 2.5 million) through this arrangement facilitated by CDC.

*Source: [Central Depository Company of Pakistan Limited, 2021/01/11](#)

Broadridge brings AI and machine learning to proxy voting data

Broadridge Financial Solutions has launched Broadridge Proxy Policies & Insights (PPI) Data, providing an open data-feed of proxy voting information and analytics.

The platform will leverage machine learning services from Amazon Web Services (AWS) to provide broker-dealers, institutional investors, mutual funds, retail investors, regulators and academics with access to over five million proxy voting data points from more than 85,000 meeting agendas and a wide coverage of regulatory documents.

Broadridge describes the comprehensive platform as the first of its kind. “Broadridge PPI Data is a great example of applying technology to increase voting by retail shareholders, for brokers to engage with their customers, and for institutional investors to inform their voting,” said Martin Koopman, president, bank broker-dealer investor communications solutions at Broadridge. “We see AWS as a preferred cloud provider in our drive to improve and transform corporate governance by creating next-gen tools.”

As an example, PPI Data provides an opportunity for broker dealers to differentiate their customers’ experience in their app or website by making it easy for investors to be aware of ESG proxy proposals that impact the future of their investments.

The platform can be used to provide content to retail shareholders during the voter experience, as well as engage investors with insights on top-of-mind proxy proposals.

Push notifications can be created based on the retail investors’ preferences, such as climate change, board diversity, for example. The broker-dealer can then highlight securities with upcoming proxy proposals that match those preferences.

For institutions, it provides an independent set of proxy voting data that can inform without providing recommendations.

In addition to faster automated information processing, the platform’s AI and machine learning capabilities can predict likely contentious votes, allowing shareholders to focus on meetings where their votes may be critical.

Among other features, the platform automates data extraction from key SEC regulatory filings, specifically proxy statements and Form N-PX proxy voting records. The company plans to include additional regulatory filings on the platform in the future.

Broadridge is rolling out the new platform ahead of the 2021 proxy season. It will be made available to regulators, educational and qualified non-profit organisations for free. Such organisations and groups will be able to leverage the platform to review historical proxy policy and votes, both to gain a better understanding of how institutions vote, and to offer greater transparency on proxy voting outcomes.

*Source: [Global Custodian, 2021/01/12](#)

CONDUCTING OF AGM THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO-VISUAL MEANS (OAVM)

In view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020.

The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM. We are pleased to inform you that the facility of casting votes by shareholders using remote e-voting as well as the e-voting system on the date of the EGM/AGM and VC/ OAVM service will be provided by CDSL.

1. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
2. The attendance of the Members attending the AGM/ EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
3. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/ OAVM and cast their votes through e-voting.
4. Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.

5. Shareholders who have voted through Remote e-Voting are eligible to attend the EGM/AGM. However, they are not eligible to vote at the EGM/AGM.

*Source: [CDSL e-Infoline, February 2021](#)

Next-Generation Virtual Shareholder Meeting Platform Enhanced through Broadridge and Strategic Partnership with Q4 Inc

With U.S. corporations and investors preparing for the start of the annual shareholder meeting season, Broadridge Financial Solutions, Inc. (NYSE:BR), a global Fintech leader, in conjunction with Q4 Inc. (Q4), a leading capital markets, investor relations and virtual events solution provider, announce a strategic partnership to deliver the next generation of the Broadridge Virtual Shareholder Meeting (VSM). Combining the technology and expertise of Broadridge's decade-plus leadership in VSMs with Q4's latest virtual events capabilities, provides issuers and investors with a stress-free, intuitive and enriched experience.

"VSMs are a critical tool, revolutionizing how companies conduct their annual meetings and speak to shareholders, and Broadridge and Q4 are re-defining and enhancing the VSM experience. This enhanced VSM will drive increased shareholder engagement by providing an experience that has many advantages over a physical meeting," said Cathy Conlon, Vice President, Broadridge Corporate Issuer Product Strategy & Business Development. "Companies will experience the latest virtual events technology platform, which will benefit their management team holding the event and the shareholders who attend."

New features of this fully integrated VSM offering include state-of-the-art video and audio collaboration, role-based meeting views, comprehensive meeting management tools and improved Q&A functionality. The platform is aligned with VSM best practices recently outlined by Rutgers University Law School. It provides "one-click" secure shareholder authentication and seamless proxy voting accessed directly from the VSM meeting.

Broadridge pioneered the first commercial VSM platform in 2009 and is the leading provider of VSMs to public companies in North America. In 2020, Broadridge hosted nearly 2,000 VSMs for public company annual meetings and led the industry in how to conduct virtual meetings. This strategic partnership between Broadridge and Q4 builds on the collaborative launch of the Digital Proxy with the goal of increasing retail shareholder participation in corporate governance.

Benefits for Shareholders and Companies

For shareholders, the platform allows for a highly engaging and modern virtual experience, starting with a seamless meeting authentication, a "Zoom-like" meeting experience, integrated Q&A, live voting, speaker profiles and easily accessible meeting materials.

For issuers, the platform provides an integrated console to manage all aspects of the VSM experience, including seamless management of high-quality video and audio streamed from multiple presenters, screen sharing, meeting materials management and voting. Innovative Q&A management has been designed for administrators to review shareholder questions and queue for presenters, while corporate executives and board members benefit from integrated private chat tools for unparalleled collaboration and communication throughout the meeting.

Broadridge and Q4 provide this VSM platform with a dedicated team of capital markets events experts for guided, premium support throughout meeting planning, dry runs, live broadcast and meeting choreography to deliver a flawless experience for companies to help meet meeting requirements.

These enhancements are currently only available in the U.S. and will be rolled out to markets outside the U.S. in the future.

*Source: [Broadridge, 2021/03/17](#)