



# National Custodial Services ("NCS")

Frequently Asked Questions (FAQ's)



Updated September 10, 2014

***Q. 1. What is National Custodial Services (“NCS”)?***

**Answer.** The National Clearing Company of Pakistan Limited “NCCPL” in pursuance of its vision to facilitate the capital market investors by making available value added products has developed an exclusive “National Custodial Services” (NCS) Module to provide a centralized clearing, settlement & custodial facility to the capital market investors.

The NCS module enables the investors to maintain the cash and securities balance with the NCCPL and they can continue to execute their trades through the Trading Right Entitlement Certificate “TREC” Holders of the stock exchanges and all such trades will be settled directly by NCCPL.

For NCS, NCCPL will maintain a Central Depository System “CDS” Participant Account to take the custody of the book entry securities and a separate sub account shall be kept for each NCS Client. The cash deposited by the NCS Clients will be kept in a separate bank account maintained with the designated branch of a Settling Bank and separate subsidiary cash ledgers accounts for each NCS Client shall be maintained by the NCCPL.

***Q. 2. Is it mandatory for every capital market investor to subscribe to NCS?***

**Answer.** NCS is an **Optional** facility and can be subscribed by the capital market investors willing to maintain their cash and securities balance with the NCCPL. The investors maintaining their accounts with the TREC Holders can continue to execute their trades in the stock exchanges as per the existing mechanism.

***Q. 3. What advantages will an investor have after subscribing to the NCS?***

**Answer.** A few major benefits available to the investors are listed below:

- Custody of Securities and Cash will be maintained by NCCPL instead of TREC Holders.
- Return on cash balances maintained with NCCPL.
- All security settlement will be done through a single CDS sub-account maintained with NCCPL instead of multiple sub-accounts maintained with TREC Holders.
- Net Settlement facility for Securities and Cash dealing with multiple TREC Holders.

- Capital Gain Tax (CGT) will be deducted by NCCPL instead of various TREC Holders.
- Deposit and collection of funds through on-line banking channel.
- Direct access to all the trade related information including the available cash and securities balance on a daily basis through UIS.

***Q. 4. How NCS will benefit the TREC Holders?***

**Answer.** A few major advantages NCS will bring to the TREC Holders are listed below:



- The TREC Holders capacity of doing business will increase due to relief in margins and capital adequacy limit.
- TREC Holders can attract new investors due to straight through processing and settlement of trades.
- Capital Gain Tax (CGT) will be collected by NCCPL directly.
- The TREC Holders will not be required to perform all the administrative and book keeping work for the NCS Clients.

***Q.5. Who can apply to subscribe to the NCS?***

**Answer.** All Investors dealing in the book-entry Securities at stock exchanges through TREC Holders can apply to subscribe to the NCS by submitting NCS Application Form with necessary supporting documents to NCCPL.

The Application Form for NCS is available on the NCCPL’s website “[www.nccpl.com.pk](http://www.nccpl.com.pk)” and can also be obtained directly from our Karachi, Lahore and Islamabad offices.

Further, it is mandatory for all the NCS clients to subscribe to UIN Information System “UIS” for using the NCS facility. UIS is a web based application that can be accessed from the NCCPL’s Website [www.nccpl.com.pk](http://www.nccpl.com.pk). There are no additional charges for subscribing to UIS. The registered users can access the UIS as follows by visiting the NCCPL’s website:

***Main Page***  ***UIS Information System***  ***Existing Members Investors Login***

***Q.6. How NCCPL will manage the Securities and Cash?***

***Answer.*** For book-entry Securities, NCCPL will open and maintain a separate CDS sub-account in the name of each NCS Client for settlement and custody of Securities. The cash deposited by the NCS Clients shall be kept in a separate bank account maintained with the Designated Branch of a Settling Bank and subsidiary cash ledger accounts shall be maintained for each NCS Client.

***Q.7. How NCS Client will get registered with a TREC Holder?***

***Answer.*** TREC Holder will be required to open a separate client code (trading account) with a new option “NCS” for clearing and settlement of NCS Transactions through NCSS. Accordingly, TREC Holder will tag the CDS sub-account of the respective NCS Client opened by NCCPL with such client code.

***Q.8. Is there any requirement for an NCS Client to open a CDS sub-account with TREC Holder?***

***Answer.*** NCS Clients are not required to open a CDS sub-account with TREC Holders.

***Q.9. How TREC Holder will execute the trade without knowing NCS Client’s holding position since the cash and securities are maintained with the NCCPL?***

***Answer.*** NCCPL will maintain the cash and securities balance for the NCS Clients. For executing the trades through the TREC Holder, the NCS Client will allocate the available cash and securities balance, as the case may be, to the respective TREC Holder through the UIN Information System “UIS” and such allocation will be disseminated to the relevant TREC Holder through NCSS. Accordingly, TREC Holders will place orders in the market according to the allocated balances.

***Q.10. How the cash and / or securities balance can be allocated to the TREC Holder(s)?***

***Answer.*** A new interface will be made available in the UIS to each NCS client for allocation of Securities and Cash balances to its respective TREC Holder(s).

***Q.11. How the trade(s) will be transmitted to NCCPL for settlement?***

***Answer.*** Once a trade is executed by TREC Holder on behalf of NCS Client and it is received in National Clearing and Settlement System (“NCSS”), NCCPL will settle such trade(s) strictly on the basis of allocated securities and cash balances.

***Q.12. What will happen if TREC Holder executes trades over and above the allocated balances?***

***Answer.*** Trades over and above the allocated balances will not be accepted by NCCPL for direct settlement. Accordingly, such transactions shall be settled by the initiating TREC Holder(s) in accordance with NCCPL Regulations and Procedures.

***Q.13. What is the course of action if I have any dispute on trade(s) executed by the TREC Holder?***

***Answer.*** The NCCPL shall not be a part of any dispute arising on account of execution of NCS Transaction between a TREC Holder and an NCS Client. All such disputes shall be dealt with in accordance with the relevant Rules, Regulations of the respective Stock Exchange.

***Q.14. How NCS Client will deposit funds with NCCPL?***

***Answer.*** The NCS Client can deposit cheque, demand draft, pay order and/or any other financial instrument directly or through any Online Branch of the Settling Banks in the account of the NCCPL maintained with the Designated Branch of the Settling Bank. NCCPL after receiving deposit evidence and confirmation from the bank will update cash ledger of such client.

NCS Clients are not allowed to deposit cash in the Designated Branch of a Settling Bank.

***Q.15. How to obtain the details of NCCPL’s on-line Bank Accounts?***

***Answer.*** The details of the Designated Branches of the Settling Bank along with account numbers shall be available with the Account Opening Form.

***Q.16. Can NCCPL directly transfer the sale proceeds to NCS Client’s bank account?***

***Answer.*** All the NCS Clients maintaining accounts with the online branches of any Settling Bank can avail the facility of direct credit in case of net sales proceeds on the settlement date. Such NCS Clients will be required to provide the details of their bank account at the time of admission. All such credits will be processed as per the Designated Time Schedule “DTS”.

***Q.17. How the sales proceeds will be paid to the NCS Clients who are not maintaining accounts with any online branch of a Settling Bank?***

***Answer.*** The NCCPL shall issue cheque / pay order for the sales proceeds to the NCS Clients not maintaining account with the online branches of the Settling Banks. The cheque can be collected in person or can be delivered at the registered address of the NCS Client through reputed postal service.

***Q.18. What is the procedure for withdrawing the funds?***

***Answer.*** NCS Client shall be required to initiate a request through UIS to NCCPL for release of funds from the Cash Available Balance maintained with the Company. In case of sufficient Cash Available Balance, funds will be credited by NCCPL to the NCS Client as per DTS.

***Q.19. Do NCS Clients earn any return on the cash balances maintained with NCCPL?***

***Answer.*** NCCPL shall provide competitive return to NCS Clients on the cash balances maintained with NCCPL.

***Q.20. What reports are available in UIS pertaining to NCS?***

***Answer.*** Through UIS, the NCS Client can view the complete activity in cash and Securities ledger maintained with NCCPL. Moreover, trading and settlement reports can also be viewed by NCS Client through UIS

**Q.21. How to contact NCCPL?**

**Answer.** Clients can contact Customer Support Department of NCCPL at Karachi, Lahore and Islamabad offices at the following contact details:

National Clearing Company of Pakistan Limited (“NCCPL”) <b>Head Office Karachi</b>	National Clearing Company of Pakistan Limited (“NCCPL”) <b>Lahore Office</b>	National Clearing Company of Pakistan Limited (“NCCPL”) <b>Islamabad Office</b>
8th Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi. Pakistan Ph # (92-21) 32460811-19 Ext 214, 217, 218 & 224 Fax # (92-21) 32460827 E-Mail: helpdesk@nccpl.com.pk	Room # M-14, Mezzanine Floor, Lahore Stock Exchange Building 19-Khyaban-e-Aiwan-e-Iqbal, Lahore Pakistan Ph # (92-42) 36280815-17 Fax # (92-42) 36280818	Office # 409, 4th Floor ISE Towers, 55-B, Jinnah Avenue Blue Area, Islamabad Ph # (92-51) 2895460-62 Fax #(92-51) 2895463

=====