

*Dated: November 24, 2009*

## **CDC implements Induction of Unpaid Rights in Central Depository System (CDS)**

Karachi November 24, 2009: CDC has recently implemented the functionality for induction of Unpaid Rights into CDS. The electronic issuance and settlement of unpaid Rights will result in increased efficiency and convenience for the investors as well as Issuers.

Previously, Unpaid Rights could only be issued in physical form which entailed cumbersome manual processing. With the new functionality, Unpaid Rights are credited into the shareholders' accounts in CDS in the form of a separate security just like any other security in CDS which can be easily settled and pledged. Investors can subscribe, fully as well as partially, to the right issue by making the payment to the designated banker to the issue before the last payment date, after which the securities are directly credited into the accounts of shareholders making the entire process virtually straight-through. The Rights issued in physical form can also be easily deposited into CDS through the deposit request functionality.

This recent introduction of the functionality to cater the induction of unpaid Rights through CDS will help the issuers in reducing unnecessary costs of printing and dispatching of letter of rights to the shareholders and also eliminate the manual processing relating to dispatch, verification and renunciation of Letter of Rights. As the issuance, exercise and renunciation of Rights will become virtually paperless and hassle free, it will enhance the capacity of brokers to handle large volumes. Investors prior to the introduction of this functionality had to face various problems in receiving the LoRs through mail and physical settlement after trading. With the introduction of the automated process, investors would not only be saved from these common problems but also would be spared from the hassles of filling forms for subscription and renunciation of the Right Issue.

To ensure smooth implementation, extensive training sessions to the CDS Elements (including Registrars / Transfer Agents) have been held in Karachi, Lahore and Islamabad.

Approved procedures and amended CDC Regulations including tariff in connection with Right Issues has already been placed on CDC's corporate website i.e. [www.cdcpakistan.com](http://www.cdcpakistan.com).

Since its inception, CDC has facilitated efficient processing of all corporate actions through the Central Depository System (CDS). A major step in moving towards a paperless and highly efficient capital market, this recent development points at a long-standing aspiration for the efficient handling of Unpaid Rights by the market participants, regulators and CDC alike.