The name of the institute has been changed from Institute of Capital Markets (ICM) to Institute of Financial Markets of Pakistan (IFMP).

IFMP’s New Address and Telephone Number:

Park Avenue Building, Suite No. 1009, 10th Floor, P.E.C.H.S Block No. 6, Shahrah-e-Faisal, Karachi.

+92 (21) 34540843-44
The last few years have seen a rapid growth in size, quality and sophistication of financial markets, because of changes in the policy and regulatory environment, the entrepreneurial initiatives of individuals and institutions, and the availability of trained manpower. The continuing growth of financial markets is further adding to the demand for well-trained professionals.

Institute of Financial Markets of Pakistan is dedicated to the professional development of financial markets and research on financial markets as well as the well being of financial markets by educating the professionals about the norms and ethics being practiced in the markets. IFMP has had a pioneering role in meeting the demand for educated manpower. It is Pakistan’s first specialized institution devoted to the education and updating of knowledge of manpower for financial markets. It will provide high-quality educational standards for all types of financial market participants; investors, brokers, mutual funds, investment banks and policy makers.

The Institute’s main activities are (1) Licensing the professionals working in the financial markets by certifications. The institute’s key responsibility is to educate the professionals working in different financial markets of Pakistan through examining their knowledge in their relevant field of work; (2) Studying the latest developments in the financial markets in order to discover whether there is such a thing as an ideal market economy; and (3) Contributing to the development of financial markets in Pakistan. By means of these three activities the Institute seeks to communicate its ideas to the audience both at home and overseas. The Institute's research is intended, first and foremost, to be neutral, professional and practical. Rooted in practice, it aims to contribute to the healthy development of Pakistani financial markets as well as to related policies by conducting neutral and professional studies of how these markets and the financial system are regulated and organized and how they perform.

The economy is changing all the time. The Institute hopes that, by responding to these changes positively, it can contribute to the dynamic development of the country’s financial markets as well as of the economy itself.
The Institute of Financial Markets of Pakistan (IFMP) (Formerly Institute of Capital Markets), Pakistan’s first securities market institute, has been established as a permanent platform to develop quality human capital, meet the emerging professional knowledge needs of financial markets and create standards among market professionals. The Institute has been envisioned to conduct various licensing examinations leading to certifications for different segments of the financial markets. IFMP develops a pool of trained and certified professionals, skilled not only to deal in conventional instruments but also to trade in new and complex financial market products.

**EXAMINATION SCHEDULE**
- Sun, 26 March, 2017
- Sun, 28 May, 2017
- Sun, 30 July, 2017
- Sun, 24 September, 2017
- Sun, 26 November, 2017

**PROGRAMMES**

**INSURANCE CERTIFICATIONS**
- General Takaful Training
- Family Takaful Training
- Life Insurance Agent
- Non-Life Insurance Agent

**LICENSING CERTIFICATIONS**
- Fundamentals of Capital Markets
- Pakistan’s Market Regulations
- Stock Brokers Certification
- Mutual Funds Distributors
- Commodity Brokers Certification

**-FEE STRUCTURE-**

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidate Registration Fee (One-Time)</td>
<td>Rs.10,000</td>
</tr>
<tr>
<td>Examination Registration Fee</td>
<td>Rs.7,000</td>
</tr>
<tr>
<td>Membership Fee (Annual)</td>
<td>Rs.5,000</td>
</tr>
<tr>
<td>Study Guide (Hard Copy)</td>
<td>Rs.800</td>
</tr>
</tbody>
</table>

**OTHER CERTIFICATIONS**
- Financial Advisors Certification
- Financial Derivative Traders Certification
- Compliance Officers Certification
- Clearing and Settlement Operations Certification
- Risk Management Certification
- Capital Budgeting and Corporate Finance Certification
- Investment Banking and Analysis Certification
- Islamic Finance Certification
- Research Analysts Certification

For more information, please visit our website: www.ifmp.org.pk
Message From The CEO

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The economy is changing all the time. The Institute hopes that, by responding to these changes positively, it can contribute to the dynamic development of the country’s financial markets as well as of the economy itself.

Mr. Muhammad Ali Khan

IFMP Activities

FIXED INCOME INVESTMENT AND TRADING CERTIFICATION COURSE TRAININGS

The guest speakers for the sessions were:
Werner Riecke, John Crowley, Abdul Qayyum and Amir Khan

A full day training session was organized at the University of Management and Technology, Lahore on Friday, March 17, 2017.

A full day training session was conducted at the University of Central Punjab, Lahore on Thursday, March 16, 2017.

A full day training session was held on Wednesday, 15th March 2017 at the Institute of Management Sciences (PAK-AIMS), Lahore.

Two-day session was held on 13th and 14th March, 2017 at the Learning and Development Centre of Bank Alfalah in Lahore. 34 participants attended the session and were certified.
The last few years have seen a rapid growth in size, quality and sophistication of financial markets, because of changes in the policy and regulatory environment, the entrepreneurial initiatives of individuals and institutions, and the availability of trained manpower. The continuing growth of financial markets is further adding to the demand for well-trained professionals.

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A full day session was held at Bahria University on 9th March, 2017. Around 70 students attended the session and were tested for certification.

Two-day session was conducted for the students of Iqra University on 7th and 8th March, 2017. Around 29 students attended the session and 25 were awarded certificates after passing the requisite test.

A full day training session was organized for the employees of State Life Insurance at Pearl Continental Hotel, Karachi.
Takaful, Islamic insurance system is a protection system that is created and operated based on the rules of Shari’ah. Contrary to the conventional insurance, Takaful’s operational arrangement prohibits the presence of three main elements, *gharar* (uncertainty), *maisir* (gambling) and *riba* (usury) in the protection system. Moreover, it promotes the execution of transactions that endorse *Ta’awun* (mutual help), *Tabarru’at* (willingly relinquish individual rights over the contributions paid for collective benefits) and *Mudharabah* (profit-sharing relationship) or *Wakalah* (principal-agent relationship).

Takaful and conventional insurance primarily differ in the way the how risk is evaluated and handled, fund management, and relationship between the manager/insurer and the participants/policyholders.

The table below present some widely discussed conceptual and operational differences between Takaful and conventional insurance.

<table>
<thead>
<tr>
<th>Conceptual Differences</th>
<th>Takaful</th>
<th>Conventional Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Guarantee and Solidarity</td>
<td>Mutual agreement between participants to collectively help and guarantee each other by contributing to a fund for the sake of mutual cooperation. The main purpose of Takaful is to bring equity to all parties involved, and the objective of the contract is to help participants in the event of unforeseen events. Earning profit is not the main goal; however, profits generated incidentally is acceptable.</td>
<td>Compensation for loss in exchange of premium paid by the insured. Loss of the insured is indemnified by the insurance company according to the terms and conditions of the insurance policy. Profit making is the main aim of providing insurance.</td>
</tr>
<tr>
<td>Mutual Compensation and Joint Liability</td>
<td>The foundation of shared liability resonates in the system of ‘Aaqilah’, which is an arrangement of mutual help or indemnification. Takaful participants come together and jointly assume liabilities that may arise due to a tragedy in human life and/or loss to business or property.</td>
<td>There is no concept of mutual benefit or joint liability in conventional insurance.</td>
</tr>
<tr>
<td>Risk Distribution</td>
<td>Risk is distributed amongst the Takaful participants.</td>
<td>Risk is transferred from the insured to the insurer in exchange of a premium.</td>
</tr>
</tbody>
</table>
## Takaful and Conventional Insurance: A Brief Comparison

### Operational Differences

<table>
<thead>
<tr>
<th>Takaful</th>
<th>Conventional Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gharar</strong></td>
<td>Excessive uncertainty or Gharar, may result in an unwarranted loss to one party and undue benefit to another. Gharar is prohibited under Shariah to ensure full consent and satisfaction of the parties in a contractual agreement. Joint liability under Takaful encourages participants to exercise caution in order to avoid excessive losses that may occur due to either negligence or lack of knowledge and awareness regarding Shariah-compliant investment and risk management instruments.</td>
</tr>
<tr>
<td><strong>Maisir</strong></td>
<td>Islamic scholars argue that Maisir and Gharar are inter-related as excessive risk-taking may lead to excessive uncertainty in outcomes. Maisir can be termed synonymous to gambling whereby the beneficiary and the benefactor speculate on the occurrence of an event. Transactions based on speculation are forbidden in Shariah and therefore under Takaful.</td>
</tr>
<tr>
<td><strong>Interest (Riba)</strong></td>
<td>Payment and collection of interest is prohibited under Shariah. Accordingly, the investments of funds collected under Takaful should be invested in businesses with real assets. Insurers provide insurance based on their calculation of probability of certain events. Accordingly, there is existence of presence of excessive uncertainty that rely on future outcomes.</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>Takaful funds can only be invested in Shariah-compliant businesses or instruments. Any businesses that engage in activities not permissible by Shariah are off limits for investment of funds collected under Takaful. Depending on the need for liquidity and certainty of cash inflows, premiums collected from policy holders can be invested in interest bearing bonds and loans.</td>
</tr>
<tr>
<td><strong>Contract</strong></td>
<td>Takaful participants are entitled to know the use of funds, and the calculation of surrender value. The participants are also aware of the fees charged by the manager and profit/losses incurred in the process of investing funds into various businesses. Insurance policy holders have no knowledge of where and how the funds are invested.</td>
</tr>
</tbody>
</table>
Takaful and Conventional Insurance: A Brief Comparison


Academic literature presents evidence that the preference for Islamic finance including Takaful is embedded in religious beliefs. However, the lack of knowledge and awareness regarding Shariah-compliant investment and risk management instruments is a major impediment to the growth and popularity of such offerings.

References:

Accept Re-Takaful

It includes risks from Takaful pools or re-Takaful pools managed by other Takaful or re-Takaful operators for inclusion in Takaful pools managed by the Takaful operator.

- Takaful Rules 2005

Borrower

It includes a person on whom an Non-Banking and Finance Companies has taken an Exposure during the course of its business.

- Non-Banking Finance Companies and Notified Entities Regulations, 2008

Director

In relation to a company, includes any person occupying in relation to the position of a director, by whatever name called.

- Securities Act, 2015

Exercise Period

The time period after vesting within which an employee should exercise his right to apply for shares against an option vested in him in pursuance of the Scheme.

- Public Companies (Employees Stock Option Scheme) Rules, 2001

Listed

In relation to securities, means securities which have been allowed to be traded on a stock exchange.

- Companies Ordinance, 1984

Permanent Capital Fund

A fund that is established in the records of a life insurance company not having a share capital, and which contains that part of the assets and liabilities of a life insurer which is attributed to it and is not attributed to any statutory fund maintained by the life insurer.

- Insurance Ordinance, 2000

Venture Capital Company

A company licensed by the Commission to invest in venture projects through equity or other instruments whether convertible into equity or not and provides managerial or technical expertise to venture projects, or acts as a management company for management of venture capital fund.

- Non-Banking and Finance Companies Rules, 2003

Window Takaful Operator

A life insurer registered under the Ordinance and carrying out the business of Family Takaful under window operations within its corporate structure, and follows the rules applicable to other Takaful operators.

- Takaful Rules, 2005
Hybrid Sukuk Structure for First Debt Issue

A commonly used hybrid structure has been chosen by Saudi Aramco for a domestic offer of riyal-denominated Islamic bonds that will be the state-owned oil giant’s first debt sale.

According to the prospectus, at least 51% of the funds raised in the debt issue would be used in a modaraba agreement. Not more than 49% would be used in a murabaha facility that would trade commodities with a special purpose vehicle. This could help to finance payments on the sukuk.

It is part of a 37.5 billion riyal sukuk issuance programme established by Aramco. The foreigners may own the sukuk, including those who are not resident in Saudi Arabia.

The sukuk will be tradable through the stock exchange, although it warned that trading may not begin immediately after issue because a registry agreement with the exchange may not have been signed. Arrangers and joint lead coordinators of the Aramco sukuk are Alinma Investment, HSBC Saudi Arabia, NCB Capital and Riyad Capital.

New Rules for Appointment of Legal Adviser

The Securities and Exchange Commission of Pakistan has notified new rules relaxing the mandatory requirement for appointment of a legal adviser for small companies.

Earlier the companies having a paid-up capital of Rs.0.5 million and above were required to appoint a legal adviser to advise such companies in the performance of their functions and the discharge of its duties in accordance with the law.

The SECP has notified that the threshold of paid up capital for companies to appoint their legal adviser has been increased to Rs.7.5 million.

The Companies Appointment of Legal Advisers (Amendment) Act 2017 has been approved by the parliament and promulgated by the president. Now 10,200 companies are required to appoint legal adviser and around 30,000 companies have been relieved from this regulatory burden through this initiative.

The move will support the small-sized companies in terms of financial saving and operating hassles related to appointing legal advisers.

Changes to In-House Financing Rules

The SECP has approved recommendations of a committee on the review of financing by securities’ bro-
Business and Economic Newsflash

The committee had been set up by the SECP to review the matter of in-house financing, identification of any issues, inefficiencies in the existing leverage products like margin financing and margin trading and provide suggestions for viable solutions to meet the needs of market participants in relation to financing through brokers. The report had been submitted by the committee which mentioned that reforms should be introduced in the margin financing system so that banks can provide funding to investors through brokers.

The commission reviewed the report and gave its go-ahead to make necessary changes to the regulatory framework and operational system at the Central Depository Company (CDC) and the National Clearing Company of Pakistan Limited (NCCPL).

**Set Up of Anti-Money Laundering Cell**

The Securities and Exchange Commission of Pakistan has set up an Anti-Money Laundering (AML) Cell which aims to address any potential misdeeds within the capital market, insurance sector, Non-Banking Finance Company and not-for-profit corporate sector. Thresholds for various sectors have been approved by the SECP for reporting of investments made in securities markets, NBFCs and the insurance sector. For life insurance products, the defined threshold is the annual premium of Rs.5 million for a single life policy.
Investing money is the process of committing resources in a strategic way to accomplish a specific objective.

— Alan Gotthardt

Be a Flea, not a Bull or a Bear. Don't delay, retire anyway. Trading is NOT a four letter word. Buy carefully, sell aggressively. Don't mark duds while drinking. When your plan fails, change it. Don't be slow, don't be greedy. Don't be obtuse with a machine gun pointed at you. There's still time to build wealth and retire well.

— James J. Houts

Money is always eager and ready to work for anyone who is ready to employ it. When money realizes that it is in good hands, it wants to stay and multiply in those hands.

— Idowu Koyenikan

"Investing money is the process of committing resources in a strategic way to accomplish a specific objective."
Markets In Review

Monthly Review

<table>
<thead>
<tr>
<th>Crude Oil (WTI)</th>
<th>KIBOR (6 Months)</th>
<th>Pakistan Stock Exchange</th>
<th>Silver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>Beginning</td>
<td>Beginning</td>
<td>Beginning</td>
</tr>
<tr>
<td>53.26</td>
<td>5.87</td>
<td>48,534.23</td>
<td>Rs.660.00</td>
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<tr>
<td>Ending</td>
<td>Ending</td>
<td>Ending</td>
<td>Ending</td>
</tr>
<tr>
<td>50.55</td>
<td>5.91</td>
<td>48,155.93</td>
<td>Rs.642.85</td>
</tr>
<tr>
<td>Change</td>
<td>Change</td>
<td>Change</td>
<td>Change</td>
</tr>
<tr>
<td>-2.71</td>
<td>+0.04</td>
<td>-378.3</td>
<td>-17.15</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Gold</th>
<th>Silver</th>
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</thead>
<tbody>
<tr>
<td>10 Grams</td>
<td>10 Grams</td>
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<tr>
<td>Beginning</td>
<td>Beginning</td>
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<tr>
<td>Rs.43,842</td>
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<tr>
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<td>Ending</td>
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<tr>
<td>Rs.43,414</td>
<td>Rs.642.85</td>
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<tr>
<td>Change</td>
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<tr>
<td>-428</td>
<td>-17.15</td>
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Foreign Exchange Rates
Interbank Market

<table>
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<tr>
<th>GBP (£)</th>
<th>EURO (€)</th>
<th>USD ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying</td>
<td>Selling</td>
<td>Buying</td>
</tr>
<tr>
<td>Rs.129.77</td>
<td>Rs.130.02</td>
<td>Rs.110.54</td>
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<td>Rs.130.03</td>
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<tr>
<td>+0.26</td>
<td>+0.26</td>
<td>+1.81</td>
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Source: forex.com.pk  sbp.org.pk

Details:  www.ifmp.org.pk  92 (21) 34540843-44  info@ifmp.org.pk

March, 2017