FINPARITY LEARN · INTRODUCTION TO PSX

Topic 1 · Part 2 | 10-minute lesson | Beginner

The team behind the market

Who runs PSX, who keeps your shares safe, and what really happens after you press "Buy"

Educational content, not investment advice

QUICK RECAP

Remember Part 1?

A share

A small piece of ownership in a company

An IPO

A company's first sale of shares to the general public

Two markets

Primary: buy new shares from the company. Secondary: buy from other investors

Today’s question: **when you buy a share, who makes sure you actually get it?**

MEET THE TEAM

5 players keep the stock market running

SECP

The referee

Makes the rules

PSX

The marketplace

Where trades happen

Broker

Your agent

Places your orders

NCCPL

The settler

Swaps money and shares

CDC

The safe vault

Holds your shares

Like a cricket match: there’s a referee, a ground, players, a scorer and a safe place for the trophy. Let’s meet each one.

PLAYER 1 · THE REFEREE

SECP: the rule-maker

The **Securities and Exchange Commission of Pakistan** is the government regulator. It doesn't buy or sell shares. It makes sure everyone plays fair.

WHAT IT DOES

- Writes the rules for the whole market
- Licenses brokers, PSX, NCCPL and CDC
- Investigates fraud and punishes rule-breakers
- Handles investor complaints

Think of SECP as the umpire

If a player breaks the rules, the umpire steps in. SECP can fine, suspend or shut down anyone who cheats investors.

PLAYER 2 · THE MARKETPLACE

PSX: where trades happen

The **Pakistan Stock Exchange** is the country's only stock exchange. It runs the electronic system where buy and sell orders meet.

WHAT IT DOES

- Matches buyers with sellers, in seconds
- Lists companies and checks they follow its rules
- Publishes live prices and indices like the KSE-100
- Watches trading for anything suspicious

Think of PSX as the ground

The match happens here. PSX provides the pitch, the scoreboard and the rules of play, under SECP's watch.

PLAYER 3 · YOUR AGENT

Brokers: your way into the market

You can’t trade on PSX by yourself. You place orders through a **securities broker**: a company licensed by SECP to trade on PSX for you.

- Opens your trading account
- Places your buy and sell orders, usually through an app
- Charges a small commission per trade

STAY SAFE

Before you pick a broker

- Check it’s on PSX’s list of licensed brokers
- Open the account in your own name only
- Never share your password or PIN
- Never hand cash to an individual agent

PLAYER 4 · THE SETTLER

NCCPL: making sure everyone pays up

After PSX matches a trade, someone has to make sure the buyer pays and the seller delivers. That's the **National Clearing Company of Pakistan**.

WHAT IT DOES

- **Clearing:** works out who owes what to whom
- **Settlement:** moves the money and shares to complete the deal
- Gives every investor a **UIN** (Unique Identification Number)
- Manages risk so one bad trade doesn't hurt others

Think of NCCPL as the scorer

At the end of each day, the scorer checks every run. NCCPL checks every trade and makes sure it's settled properly.

PLAYER 5 · THE SAFE VAULT

CDC: where your shares live

Shares are no longer paper certificates. They're electronic records, kept by the **Central Depository Company**: Pakistan's only share depository.

MOST POPULAR

Sub-account

Opened for you by your broker inside CDC. Easy for frequent trading.

MORE CONTROL

Investor Account

Opened directly with CDC. Shares only move on your instructions. Good for long-term holding.

Either way, your shares are recorded in **your** name, and you can check them anytime with CDC's free online access.

PUTTING IT TOGETHER

What happens when you press “Buy”?

STEP 1

You

Tap “Buy” in your broker’s app

→

STEP 2

Broker

Sends your order to PSX

→

STEP 3

PSX

Finds a seller at your price

→

STEP 4

NCCPL

Clears and settles the trade

→

STEP 5

CDC

Moves the shares into your account

And watching over every step: **SECP**, the referee.

SETTLEMENT

T+1: your shares arrive the next working day

T = the day you trade.
+1 = one working day later, the deal is complete.

MONDAY
You buy

→

TUESDAY
Shares are yours

Selling works the same way: sell on Monday, and the money is settled on Tuesday.

Pakistan keeps getting faster

T+5	→	T+3	→	T+2	→	T+1
Pre-2001		2005		2008		Feb 2026

Did you know? Pakistan moved to T+1 before the UK and EU!

Sources: SECP, PSX, NCCPL (T+1 effective 9 Feb 2026)

STAY SAFE

Your 4-step safety checklist

Use a licensed broker

Check PSX's official broker list first

Your name only

Never trade through someone else's account

Guard your login

No one genuine will ever ask for your password

Speak up

Complain to your broker, then to SECP if needed

Golden rule: if someone promises "guaranteed profits", walk away.

RECAP

Your new vocabulary

Regulator
The authority that makes and enforces the rules (SECP)

Broker
A licensed company that places trades for you

Clearing
Working out who owes what after a trade

Settlement
Swapping the money and shares to finish the deal

Depository
Where shares are kept electronically (CDC)

UIN
Your Unique Identification Number in the market

QUICK QUIZ

4 questions. You've got this!

Q1. Who keeps your shares safe as electronic records?

A) SECP B) CDC C) PSX

Q2. You buy shares on Monday. Under T+1, when are they yours?

A) Monday B) Tuesday C) Friday

Q3. Who makes the rules and licenses brokers?

A) SECP B) NCCPL C) Your bank

Q4. What's the safest way to buy shares?

A) A friend's account B) Cash to an agent

C) Licensed broker, your name

Answers: 1-B · 2-B · 3-A · 4-C. Flip your screen to check!

PART 2 COMPLETE

Great job! Up next: indices and sectors

In Part 3: what the KSE-100 actually measures, why the news talks about it every day, and how PSX groups companies into sectors

KSE-100 | KSE-30 | KMI-30 | All-Share Index | Sectors

For education only, not investment advice. Speak to a licensed adviser before investing.