



# WHITE PAPER

## 1<sup>ST</sup> INTERNATIONAL CAPITAL MARKETS CONFERENCE (ICMC)

11-12 November 2025, Karachi

In recent years, the Securities and Exchange Commission of Pakistan (SECP) has expanded its engagement with regulatory counterparts and capital market infrastructure institutions (CMIIs) across multiple jurisdictions to promote dialogue, enhance regulatory coherence, and advance regional cooperation. The International Capital Market Conference & Expo 2025 was organized as the culmination of these collaborative efforts, building on a series of high-level engagements and memoranda of understanding between the SECP and CMIIs. The overarching objective of the Conference was to present Pakistan as a progressive and investor-friendly destination, while fostering the growth and integration of capital markets across the region.

Held in Karachi, the Conference marked an important milestone in Pakistan's ongoing efforts to deepen its integration with regional and global financial markets. It reflected a strategic transition from a predominantly domestically focused reform agenda towards an outward-looking approach centered on innovation, connectivity, and shared growth.

The Conference convened capital market regulators, CMIIs, and prominent members of academia from several jurisdictions, including Azerbaijan, Bangladesh, China, Iran, and the United States, with virtual participation from Hong Kong.

Opening sessions highlighted key developments in Pakistan's capital markets, such as the rollout of a new trading system at the Pakistan Stock Exchange (PSX), the introduction of digital investor onboarding frameworks, strengthened disclosure practices, and the adoption of international sustainability reporting standards. Advances in fintech, agricultural finance, and capacity-building initiatives were also emphasized, underscoring sustained efforts to broaden market access and modernize financial infrastructure. Collectively, these developments reflect the gradual emergence of a more inclusive, resilient, and future-ready financial ecosystem.

Discussions throughout the Conference emphasized the growing importance of regional capital market integration amid evolving global economic conditions. Pakistan was presented as a potential contributor to regional financial connectivity, supported by its favorable demographic profile, expanding digital infrastructure, and increasing engagement with overseas investors. Reforms such as the transition to a T+1 settlement cycle, the integration of environmental, social, and governance (ESG) considerations, and the diversification of financial products were highlighted as measures aimed at enhancing market efficiency and facilitating cross-border activity.

Complementary initiatives, including cross-border digital payment linkages and the development of a unified digital identity and know-your-customer (KYC) framework, were discussed as mechanisms to reduce frictions in capital flows and strengthen regulatory coordination across markets.

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regional cooperation. The opening panel examined Azerbaijan's experience with economic diversification and explored opportunities for cross-border listings, regulatory alignment, and collaboration in Islamic finance. Subsequent panels focused on revitalizing Pakistan's corporate debt market, expanding Shariah-compliant instruments, and leveraging fintech solutions and exchange-traded funds to broaden investor participation.

A dedicated session on digitization highlighted its role in advancing financial inclusion, including a discussion on the evolution of JazzCash (mobile wallet) into an investment platform and the importance of agile, innovation-enabling regulatory frameworks. Academic perspectives enriched these discussions by linking policy reforms with empirical research and long-term market development outcomes.

A following session emphasized the role of Electronic Warehouse Receipts (EWRs) in addressing Pakistan's grain storage constraints and improving farmer incomes. The Punjab government's pilot program demonstrated how EWR-backed financing can contribute to price stabilization and reduce post-harvest losses. A panel on pension reform highlighted the transition from defined benefit to defined contribution models as both a fiscal imperative and a means of strengthening individual financial security.

Discussions on Islamic finance focused on the need for a more unified regulatory approach, the development of Islamic social finance instruments, and expanded retail participation through tokenization and enhanced market awareness.

Overall, the Conference highlighted Pakistan's reform momentum and its ambition to assume a more active role in regional financial integration. Anchored in regulatory innovation, academic engagement, demographic strengths, and strategic positioning, Pakistan is well placed to contribute to the development of a more digital, inclusive, and sustainable regional financial system. In recent years, the Securities and Exchange Commission of Pakistan (SECP) has expanded its engagement with regulatory counterparts and capital market infrastructure institutions (CMIIs) across multiple jurisdictions to promote dialogue, enhance regulatory coherence, and advance regional cooperation. The International Capital Market Conference & Expo 2025 was organized as the culmination of these collaborative efforts, building on a series of high-level engagements and memoranda of understanding between the SECP and CMIIs. The overarching objective of the Conference was to present Pakistan as a progressive and investor-friendly destination, while fostering the growth and integration of capital markets across the region.

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**DAY 1, November 11th, 2025 | Venue: PC Hotel, Karachi**

## **Welcome address by Chairman SECP, Mr. Akif Saeed**

In his welcome address, the Chairman SECP, Mr. Akif Saeed, described the conference as a significant milestone in Pakistan's evolution from a more inward-focused reform agenda to deeper regional and global capital market integration. He extended a warm welcome to distinguished dignitaries, international delegates, and institutional partners, acknowledging their collective role in advancing a resilient, innovative, and interconnected financial ecosystem.

The Chairman outlined key reforms undertaken by the SECP in collaboration with market stakeholders, including the launch of a new trading system at the PSX, the introduction of digital investor onboarding frameworks, strengthened transparency and disclosure standards, the adoption of international sustainability reporting requirements, and the shortening of the settlement cycle. He also highlighted initiatives aimed at developing agricultural and commodities markets, promoting fintech adoption, and strengthening institutional capacity through the Capital Market Development Fund.

Emphasizing Pakistan's favorable demographics, accelerating digital transformation, and strategic geographic position, the Chairman highlighted the country's potential to emerge as a regional hub for fintech, sustainable finance, and cross-border market collaboration. In conclusion, he called for

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sustained collective engagement among regulators, market institutions, and international partners to shape a future anchored in digital innovation, financial inclusion, and enhanced regional connectivity.

## Presentation 1:

### Capital Market Reforms in Pakistan Mr. Abdul Rehman Warraich, CFA, FRM, Commissioner SECP

In his opening presentation, SECP Commissioner Abdul Rehman Warraich highlighted the major reforms underway to modernize Pakistan's capital markets and strengthen long-term financial resilience. His remarks focused on three core areas: exchange-based issuance and trading of government debt securities (GDS), expansion of the regulated contributory pension system, and transformation of agricultural markets through EWRs.

He noted that routing GDS issuance and trading through capital market institutions has improved transparency, competition, and efficiency. Through public auctions and continuous secondary-market trading, the market now offers multiple sukuk instruments with varied tenors and structures. Between December 2023 and November 2025, USD 13.3 billion was raised in primary auctions and USD 3.4 billion traded in secondary market. The structure, where the exchange manages trading, the clearing company acts as a central counterparty, and the depository maintains ownership records, has strengthened risk management and tax compliance.

On pensions, he outlined the shift from traditional defined-benefit schemes to defined-contribution models, in line with global trends. The regulated contributory pension system has expanded to 47 funds across 19 managers, with 110,000 individual accounts and USD 390 million in assets. Its design emphasizes savings discipline, portability, transparency, and competition, delivering financial sustainability for employers while deepening Pakistan's capital markets.

He also stressed the need to focus on agricultural market modernization. He described a coordinated framework built on accredited storage, EWR bankability, and exchange-based commodity trading supported by regulators, clearing institutions, depositories, and provincial governments. The Punjab government's program illustrates how subsidized storage and financing can incentivize farmers and traders to adopt formal market structures. These reforms, he stressed, align market institutions, regulators, and provincial governments toward inclusive growth.

## Key Takeaways

- Exchange-based trading of government debt has improved transparency, liquidity, and risk management across primary and secondary markets.
- The GDS market has scaled rapidly, with USD 13.3 billion raised since 2023, supported by multiple sukuk structures and active secondary market trading.
- Pakistan's pension sector is maturing, with strong growth in defined-contribution funds and a regulatory model centered on transparency, portability, and competition.
- The EWR ecosystem and accredited storage are central to modernizing agricultural markets and integrating farmers into formal finance.
- Punjab's policy of offering subsidized storage, financing up to 70% of commodity value, and targeted support for small farmers shows how provincial intervention strengthens market adoption.
- SECP's broader agenda links capital markets, pensions, and agriculture into a unified reform pathway aimed at resilience, savings mobilization, and long-term investment.

## Presentation 2:

### Regional Capital Markets Integration Professor Dr. James A. Angel, Georgetown University

Prof. Dr. James Angel from Georgetown University's McDonough School of Business delivered a talk on the societal benefits of financial markets, the role of stock exchanges, and the need for regional capital market integration. He began by illustrating how financial services enhance everyday life through efficient payment systems, risk management, and diversification, while decoupling production from consumption, effectively serving as a "time machine" that enables saving and borrowing across time. He further emphasized that well-functioning capital markets channel investment toward productive uses, mitigate risk, and have historically outperformed centralized economic planning.

Dr. Angel explained that the exchanges exist due to the informational complexity of equities, which

requires centralized platforms to lower the costs of counterparty discovery, pricing, and settlement. He traced exchange evolution from slow to innovative member-owned entities to demutualized, for-profit tech and data firms driven by competition.

The core discussion centered on regional capital market integration, outlining benefits like larger capital pools for businesses, economies of scale, improved liquidity, easier foreign investor access, and harmonized regulations. However, this brings forth certain supervision challenges, such as regulatory arbitrage and cross-border fraud. Other situations that require prudent and robust regulatory oversight include crisis resolution, domination by larger players, and implementation costs from multiple regulators, currencies, and languages.

Dr. Angel described markets as ecosystems integrable at varying levels from autarky and national consolidation to cooperation (e.g., surveillance agreements), outsourcing (e.g., Namibia using JSE infrastructure), coordination (harmonized rules), shared infrastructure, interconnections, and full mergers. He cited examples of political integration via Euronext and corporate via Nasdaq/ICE and argued that failed mergers, like Deutsche Bourse/LSE and NYSE-Euronext, often stemmed from political barriers. In conclusion, integration is a natural evolution, requiring political coordination while preserving national legal control, with details crucial for success.

## Key Takeaways

- **Benefits of Integration:** Creates larger capital markets, offering businesses broader funding and investors more opportunities, while achieving economies of scale and better risk sharing.
- **Improved Liquidity and Access:** Integration connects more buyers/sellers in a virtual space, lowers connection costs for foreign investors, and harmonizes rules for effective regulation.
- **Caveats to Consider:** Includes political risks like reduced domestic control, regulatory arbitrage, cross-border fraud, and challenges in resolving systemic crises.
- **Levels of Integration:** Ranges from basic cooperation and outsourcing to advanced mergers, with examples like BRVM in West Africa and partial ownerships (e.g., Kuwait/Athens).
- **Ecosystem Approach:** Different market components can integrate incrementally, maintaining local offices and legal entities even in mergers like Euronext or ICE.
- **Political and Regulatory Coordination Essential:** Successful integration demands alignment to overcome frictions, as failed attempts (e.g., London/Toronto) highlight, ensuring countries retain control over their capital markets.

## Keynote address by Dr. Shamshad Akhtar, Chairperson PSX

In her keynote address, Dr. Shamshad Akhtar, Chairperson of PSX, delivered a clear call to action for advancing regional capital market integration in response to a rapidly fragmenting global economic order. Dr. Akhtar noted that the era of seamless globalization is giving way to strategic regional blocs, making connectivity no longer optional but vital for sustained growth. She urged regional peers to move decisively towards harmonised standards, integrated systems, and coordinated institutions to enable the smooth flow of capital, data, and innovation across borders.

Dr. Akhtar positioned Pakistan as a natural anchor for regional integration, citing its strategic role in the Belt and Road Initiative, large domestic market of 255 million people, expanding digital ecosystem, and vast diaspora. She highlighted the Roshan Digital Account as a model demonstrating how regulatory clarity and digital infrastructure can unlock trust and mobilize cross-border capital. Reinforced by IMF-backed reforms and improved macroeconomic fundamentals, she emphasized that Pakistan is now well-placed as a credible regional partner.

Dr. Akhtar outlined concrete reform measures being undertaken by PSX and partner institutions, including the transition to T+1 settlement, expansion of ESG and Shariah-compliant instruments, e-IPOs, green sukuk, REITs, enhanced margining systems, and development of derivatives markets. She described these as part of a broader modernization drive aimed at preparing Pakistan's capital markets for regional interoperability.

Dr. Akhtar called on stakeholders to collaborate in three strategic areas: accelerating product innovation and sustainability through cross-border instruments and aligned green frameworks; investing in regional human capital via joint training, technology partnerships, and regulatory exchanges; and activating regional capital flows by creating diaspora-focused investment products linked to infrastructure and climate projects. Drawing inspiration from ASEAN integration and China's Bond Connect model, she urged participants to translate preparedness into tangible regional mechanisms.

Concluding with a strong appeal for cooperation, Dr. Akhtar urged stakeholders to choose connectivity over isolation, institutional cooperation over fragmentation, and collective prosperity over short-term gains, hoping that the conference would serve as a defining moment towards shared regional growth.

### Key Takeaways

- Regional capital market connectivity is now essential as globalization gives way to a fragmented global order.



- Pakistan is strategically positioned as a regional financial hub due to its geography, digital growth, and diaspora engagement.
- Ongoing reforms aim to modernize Pakistan's capital market infrastructure and align it with international standards.
- Product diversification, ESG integration, and tokenization are vital for attracting sustainable regional capital.
- Human capital development and cross-border knowledge sharing are key to strengthening governance and resilience.
- Regional cooperation can transform savings into productive investments, fostering shared economic growth and stability.

## Keynote address by Mr. Jameel Ahmad, Governor SBP

The Governor of the State Bank of Pakistan (SBP), Mr. Jameel Ahmad, emphasized that deeper regional cooperation and more integrated capital markets are critical to Asia's long-term financial stability, investment mobilization, and sustainable economic growth. He commended SECP for convening regional policymakers, regulators, and industry leaders, observing that prevailing global economic challenges increasingly demand collective responses rather than fragmented or unilateral approaches.

The Governor structured his remarks around three core themes: the rationale for regional integration, the mechanisms through which it can be advanced, and Pakistan's prospective role in this process. He noted that integrated regional markets facilitate more efficient capital flows, promote regulatory harmonization, and expand investment opportunities—particularly for economies characterized by low domestic savings and limited capacity for bank-based financing. To illustrate the tangible benefits of coordinated action, he cited the experiences of the Eastern Caribbean Securities Market and the ASEAN+3 initiatives, highlighting that ASEAN+3 bond markets expanded from 88 percent of GDP in 2002 to 133 percent in 2025.

He identified four key prerequisites for effective regional integration: regulatory alignment, robust connectivity infrastructure, harmonized legal and institutional frameworks, and enhanced cooperation among regulators and market participants. While underscoring the benefits of integration, he cautioned that greater interconnectedness can amplify contagion risks, thereby necessitating strong surveillance frameworks and coordinated macroeconomic oversight.

On Pakistan's positioning, the Governor said economic stabilization and reforms under SBP's Vision 2028 and the government's Uraan Pakistan plan place the country in a better position to support regional integration. Key initiatives include cross-border expansion of Raast through linkage with the Arab Monetary Fund's Buna platform, and developing a unified digital identity and KYC system with SECP and PSX. He stressed that integrated markets offer a historic opportunity for Asia to finance its own development, provided there is political will, sustained cooperation, and mutual trust.

## Key Takeaways

- Regional capital market integration is essential, not optional, for Asia's sustainable growth and financial stability.
- Integrated markets can mobilize financing for climate and infrastructure projects where domestic savings and bank capacity fall short.
- Examples from the Eastern Caribbean and ASEAN+3 show how coordinated regional action reduces costs, diversifies risks, and attracts investors.
- Pakistan aims to advance integration through SBP's Vision 2028, cross-border Raast connectivity, and a unified digital KYC system.
- Successful integration requires regulatory alignment, connectivity infrastructure, harmonized legal frameworks, and close collaboration among regulators.

## Panel Discussion 1:

### Capital Market and Opportunities for Regional Cooperation

**Moderator:** Mr. James Angel – Associate Professor, Georgetown University

**Panelists:**

- I. Mr. Ruslan Khalilov – CEO, Baku Stock Exchange
- II. Dr. Zeinab Riazat – Board Member, SEO Iran
- III. Ms. Sadia Khan – Former Commissioner, SECP
- IV. Mr. Md. Saifuddin – Commissioner, SEC Bangladesh
- V. Dr. Majid Pouyanmehr – Secretary, Shariah Committee Iran

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The panel examined how regional collaboration can unlock the full potential of capital markets across multiple jurisdictions, with a focus on practical mechanisms such as harmonized regulatory frameworks, cross-border listings, and shared financial infrastructure. Speakers emphasized that deeper integration can enhance market efficiency, expand access to capital, and foster sustainable financial development across the region.

The discussion opened with an overview of Azerbaijan, highlighting an economy that remains heavily reliant on oil and gas revenues but is gradually repositioning itself as a regional hub for logistics and development finance. Despite this progress, persistent structural inefficiencies, particularly within the banking sector, continue to constrain growth, underscoring the need for targeted reforms. Strengthening domestic sources of finance was identified as a priority, with the recent increase in corporate bond issuances viewed as a positive development. To further expand access to capital, Azerbaijan and comparable economies must strengthen linkages between domestic, regional and international lenders. Panellists noted that deeper regional cooperation would also generate valuable knowledge spill overs, stimulate innovation, and improve access to competitively priced funding.

The panel stressed that regulatory harmonization, enhanced knowledge exchange, and joint capacity-building and training initiatives are foundational to long-term market integration. In addition, the alignment of anti-money laundering (AML) practices was highlighted as critical to building trust and ensuring market integrity. Cross-border listings were identified as a particularly effective tool for increasing market connectivity and liquidity, enabling regional markets to evolve organically through policy compatibility, regulatory alignment, and mutual confidence among regulators and market participants.

Islamic finance emerged as a key area for expanded regional collaboration, given its strong cultural relevance and significant untapped potential. Facilitating cross-border listings of sukuk and other Shariah-compliant instruments was seen as a means to deepen markets and broaden investor choice. Achieving this objective will require close coordination among regulators, streamlined listing procedures, and harmonized standards. With strategic alignment, both Iran and Pakistan were identified as well-positioned to emerge as regional leaders in Islamic finance.

Finally, the panel underscored the importance of institutional learning and experience-sharing, citing Pakistan's track record with credit rating agencies as a valuable reference point. In this context, speakers proposed exploring the development of a joint index that would integrate the regulatory and methodological frameworks of both countries, further strengthening regional market integration.

## Key Takeaways

- Harmonizing frameworks and joint training are essential for deeper regional integration.
- Cross-border listings can enhance market depth and liquidity.
- Islamic finance collaboration, including sukuk listings, offers untapped regional potential.
- Knowledge spillovers from cooperation improve access to competitive funding and build capacity.

### Presentation 3:

## Navigating Hong Kong's Regulatory Journey on Digital Assets Ms. Julia Leung, CEO Securities and Futures Commission, Hong Kong

In her presentation, Ms. Julia Leung shared Hong Kong's regulatory journey in navigating the rapid growth and risks of digital assets (DAs), offering important lessons for Pakistan and regional capital markets. She highlighted digital asset market's huge potential, however a caveat is a handful of crypto assets dominating turnover and balances as well as its volatility.

Ms. Leung emphasized that the digital asset ecosystem is inherently vulnerable to manipulation, fraud, and cyberattacks, citing substantial historical losses and systemic risks. In response, Hong Kong adopted a structured regulatory approach to resolve the central dilemma between innovation and investor protection, progressively moving from fragmented oversight to a comprehensive licensing regime backed by its strategic "ASPIRe" framework, which strengthens products, safeguards, infrastructure, and market relationships.

A critical lesson from Hong Kong's experience is the principle of "same activities, same risks, same regulation," particularly in tokenization. Ms. Leung stressed that tokenized products should not weaken investor protections and must be treated as traditional financial products with a technological wrapper. Initiatives such as Project Ensemble demonstrate how regulators can enable innovation while ensuring interoperability, oversight, and systemic resilience.

The presentation also highlighted the fast-emerging market for tokenized funds and green bonds, showing how regulatory clarity can unlock substantial growth while managing scale and interoperability challenges. For Pakistan and its regional peers, the implications are clear: proactive, phased regulation, robust investor safeguards, and alignment of digital innovation with traditional

finance frameworks are essential to harness the benefits of tokenization without compromising market integrity.

Ms. Leung's insights reinforce that the future of finance lies not in unregulated experimentation, but in carefully coordinated innovation that strengthens trust, stability, and sustainable market development.

## Key Takeaways

- Strong regulatory frameworks are essential to balance digital innovation with investor protection
- Digital assets pose high risks from market manipulation, fraud, and cyber threats, requiring proactive oversight.
- Tokenization must not dilute investor safeguards and should be treated as traditional finance with a digital wrapper.
- The "ASPIRe" model demonstrates how structured policy can guide sustainable digital asset growth.
- Stablecoins and tokenized funds present opportunities but require strict reserve and governance controls.
- Interoperability and scalability remain key hurdles for mass adoption of tokenized products.
- Pakistan can leverage Hong Kong's experience to build resilient, innovation-friendly capital markets.

## Panel Discussion 2:

### Deepening Capital Markets through Equity and Debt Market Participation

**Moderator:** Mr. Farrukh H. Sabzwari – CEO, PSX

**Panelists:**

- I. Mr. Omer M. Khan, Advisor to FM on Debt Management
- II. Ms. Maheen Rahman – CEO Infrazamin
- III. Khawaja Aftab Ahmed – Regional Director Middle East, IFC
- IV. Mr. Asif Ali Qureshi – CEO, UBL Funds
- V. Mr. You Hang – Managing Director, China Futures Exchange, Executive Office



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The panel explored key pathways for deepening Pakistan's capital markets through the expansion of both equity and debt participation. Speakers emphasized the urgent need to revive the corporate debt market by reducing issuance costs, strengthening regulatory infrastructure, and expanding the availability of Shariah-compliant products. International examples, such as Indonesia's successful sukuk program and China's advances in derivatives innovation, were cited as adaptable models for Pakistan. The discussion also underscored the growing role of fintech, exchange-traded funds (ETFs), and structured products in broadening both retail and institutional participation, supported by enhanced financial literacy initiatives, AI-enabled investor outreach, and targeted legislative reforms to mobilize long-term capital.

The panel noted that Shariah-compliant instruments currently account for only 13 percent of Pakistan's debt market, with a stated objective to increase this share to 20 percent by 2028. These products are often priced more competitively than conventional bank financing, yet their market presence remains limited. However, there is strong need for prioritizing measures to reduce intermediation and frictional costs, alongside initiatives to introduce corporate bond swaps, which are currently absent from the market.

Despite efforts to encourage more frequent listings, the national average remains at approximately five corporate issuances per year, well below the market's potential. While the corporate debt market was more dynamic prior to 2008, it is now widely perceived as riskier and more complex than bank financing. Panellists emphasized the need to improve market incentives, clearly articulate the value proposition of corporate debt, and address the crowding-out effect created by government securities. Although sufficient investor appetite exists, suitable and well-structured instruments must be developed to meet this demand.

Attracting long-term institutional capital was identified as contingent upon modern market infrastructure, robust regulatory frameworks, greater investor awareness, and clear pathways for preparing listing-ready companies. The panel highlighted the need for tailored debt funds and structured products to meet the requirements of insurers and other institutional investors. International experiences, ranging from fintech-enabled retail participation in India to ETF-driven liquidity enhancements in Morocco, were cited as practical reference points. To further attract foreign investors, speakers stressed the importance of deepening derivatives markets. China's model, including its network of specialized futures exchanges, carbon futures linked to electric vehicle growth, and insurance-plus-futures products, was presented as offering actionable insights, alongside opportunities for technical training and capacity building.

Finally, the panel addressed strategies to strengthen retail participation, emphasizing early-stage financial education, the promotion of a savings culture, and the use of AI-driven outreach to **expand**

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investor accounts and engagement across diverse demographic groups.

### Key Takeaways

- Corporate debt market needs structural reform and Shariah-compliant expansion
- Issuer-side incentives are key to bond market growth
- Global models show that fintech, ETFs, and derivatives boost market participation
- Retail engagement depends on early financial literacy and the adoption of AI-driven tools to broaden outreach.

### Panel Discussion 3:

#### Digitization Initiatives to Promote Capital Market Access

**Moderator:** Mr. Najam Ali – CEO, Next Capital

**Panelists:**

- I. Mr. Farrukh Khan – CFO, Jazz
- II. Mr. James Angel – Associate Professor Georgetown University
- III. Ms. Rukhsana Narejo – Chief Treasury & Alternate Investments, Raqami Islamic Digital Bank
- IV. Mr. Amir Khan – Head of Treasury and Capital Markets, Mashreq Pakistan

This panel explored how digitization can expand access to Pakistan's capital markets, highlighting both innovation and regulatory reforms needed to support it. Speakers emphasized that mobile wallets and digital payment systems are increasingly becoming gateways to investment platforms, but the transition requires inclusive financial infrastructure, agile regulation, and investor education to translate digital progress into meaningful participation.

A key focus was JazzCash's evolution from a payment platform into an emerging investment channel. Having accumulated substantial deposits through digital payments and lending, its next challenge is shifting users from transactional services to savings and investment products. Since, traditional financial channels have historically contributed to wealth concentration, digital platforms

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offer a unique opportunity to democratize investment access, similar to China's Alipay model. Many JazzCash customers initially entered through life insurance offerings and are now starting to engage with equity products. With 50 million users, most previously unbanked, this shift signals real progress toward financial inclusion.

The panel noted that Pakistan's digital transformation is largely aligned with regional peers, supported by digital brokers and asset management companies. However, regulatory clarity remains the most critical enabler. A balanced approach is needed: regulators must keep fraudulent actors out without stifling innovation or overcorrecting in response to emerging technologies. Clear boundaries, experimentation-friendly policy, and gradual refinements are essential.

On Islamic finance, the discussion underscored the importance of Shariah-compliant digital products, especially as financial inclusion is central to Islamic banking strategies. Digitalizing gold-based products remains challenging due to supply-chain complexities, though collaborative efforts with capital market infrastructure institutions are underway.

Finally, the panel addressed speculation risks in digital markets. Suggested safeguards included limiting excessive trading frequency, combating misinformation, especially from "influencers", and expanding investor education. Nonetheless, speakers emphasized that regulators should avoid micromanaging behaviour; as long as clear rules exist, investors must ultimately be responsible for their own allocation decisions.

## Key Takeaways

- Digital platforms like Jazz are evolving from payments to investments, aiming to democratize access for previously unbanked populations.
- Pakistan must avoid overregulation and instead foster innovation while safeguarding against fraud.
- Islamic finance is embracing digitalization, though challenges like gold product structuring and supply chain integration remain.
- Investor protection in the digital era requires balancing freedom with safeguards against misinformation, excessive speculation, and influencers-driven hype.

### Commodity Futures and Electronic Warehouse Receipts (EWRs)

**Moderator:** Mr. Khurram Zafar – CEO, Pakistan Mercantile Exchange Limited

**Panelists:**

- I. Dr. Kiran Khurshid – Secretary, PCCMD, Government of Punjab
- II. Ms. Zunee Muhtashim – Principal Investment Officer, IFC
- III. Mr. Ibrar Anjum – CEO, NRSP Agri Processing Company Limited
- IV. Mr. Shakaib Arif – CEO, Naymat Collateral Company Limited

The panel discussion highlighted Pakistan's critical deficit in modern grain storage and the urgent need to scale up the EWR ecosystem to improve farmer incomes, reduce post-harvest losses, and strengthen agri-financing. While developed countries maintain storage capacity equivalent to 90–100% of production, Pakistan stands at roughly 10%, with only about 350,000 metric tons of accredited storage, which is less than 1% of total grain output, despite producing nearly 60 million metric tons annually. Speakers agreed that this presents significant untapped potential for private investment.

Naymat Collateral Management Company's (NCMC) strategy has focused on accrediting existing infrastructure, but meaningful expansion requires a clear, consistent government policy framework and incentives for private sector participation. The NRSP experience demonstrated that while grassroots models can succeed, wider adoption is constrained by long ROI periods, underutilisation risk, and the industry's nascent stage. Innovative financing models and collaboration between investors and rural microfinance institutions were proposed to improve viability.

The Government of Punjab shared encouraging results from its pilot EWR-backed wheat initiative, which increased market prices substantially, and indicated a shift towards maintaining strategic reserves via EWRs rather than direct procurement. IFC emphasized on the importance of regulatory reform, rationalisation of subsidies, and a conducive investment climate, alongside blended financial and advisory support.

Awareness emerged as a recurring theme, with calls for structured media campaigns and farmer-centric engagement to build trust and drive adoption. Panellists also confirmed that technical integration between the CMC, banks and PMEX is largely ready, but stressed that sustainable scale will only be achieved through coordinated efforts involving government, private sector, financial institutions, and development partners.

## Key Takeaways

- Pakistan faces an acute storage gap, with accredited capacity below 1% of grain production.
- Expansion of EWRs is vital to reduce wastage, stabilise prices, and improve farmer returns.
- Private sector investment is constrained by long ROI periods and uncertain demand utilisation.
- Government policy consistency and targeted incentives are crucial to scale modern warehousing.
- Government of Punjab's EWR pilot improved wheat prices and signalled a shift to strategic reserves via EWRs.
- Technical integration for EWR financing and trading is feasible; the main bottleneck is the investment environment for the warehousing industry.

## Panel Discussion 5:

### Pension Reforms

**Moderator:** Dr. Amjad Waheed – CEO, NBP Fund Management

**Panelists:**

- I. Mr. Abdul Rehman Warraich – Commissioner, SECP
- II. Mr. Ashab Naeem Iqbal – CEO & General Manager, Punjab Pension Fund
- III. Ms. Mashmooma Zehra Majeed – CEO, MUFAP
- IV. Mr. Shoaib Javed Hussain – CEO, State Life Insurance Company
- V. Mr. Nauman Liaqat – Senior Advisor, Pension Reforms Implementation and Technical Support, UNDP.

The panel on Pension Reforms focused on the transition from traditional defined benefit schemes to modern, market-based defined contribution models, highlighting this shift as both a fiscal necessity and an opportunity to strengthen retirement security. Panellists agreed that governments attempting to manage pension schemes end-to-end had proven inefficient and unsustainable, and that involving private sector institutions such as asset managers, insurers, and analysts creates



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stronger governance, risk diversification, and job creation within the financial sector.

The evolution of the Voluntary Pension System (VPS) was discussed as a positive development due to its portability, flexibility, tax incentives, and alignment with individual preferences. However, speakers stressed that long-term pension planning requires consistent policy frameworks to ensure investor confidence over decades. The transition by the Government of Punjab from defined benefit to defined contribution was described as a progressive reform that gives employees greater ownership and mobility of their retirement savings, while reducing long-term fiscal pressure on the state.

Going forward, challenges remain in developing effective annuity products, particularly due to the need for significant risk capital and insurance coverage for longevity risk. Collaboration between Asset Management Companies and insurers was identified as the missing link in delivering sustainable lifetime income solutions. This is increasingly important given rising life expectancy and growing healthcare costs in later years.

Experts also highlighted that pension reform has become a fiscal survival strategy, as legacy pension liabilities continue to erode government budgets. The availability of regulated VPS products made them a natural alternative for governments seeking transparency, sustainability, and employee empowerment.

## Key Takeaways

- Defined benefit pension schemes are fiscally unsustainable and expose governments to long-term liabilities.
- Public-private collaboration strengthens governance and creates a more resilient pension ecosystem.
- VPS offers portability, flexibility, tax benefits, and greater ownership to employees.
- Policy consistency is critical for long-term investor confidence in pension planning.
- The shift to defined contribution reduces government burden and increases employee control.
- Development of annuity products requires coordination between AMCs and insurance companies.
- Pension reform is no longer optional but a fiscal survival strategy for governments.
- Expanding tax incentives to life insurance could further strengthen retirement security.

The second day of the conference was hosted by PSX on the exchange floor. The session kick-started with gong ceremony in honor of the delegates. For opening remarks and with the appropriateness of the venue in mind, Dr. James Angel reiterated the societal benefits of financial markets while emphasizing the evolution of exchanges into competitive tech-driven entities. Building on this, Mr. Ruslan Khalilov, CEO of Baku Stock Exchange, outlined the exchange's establishment amid the post-Soviet transition and its current status as a growing platform while stressing the need for regional integration of capital markets. Mr. Md. Saifuddin, Commissioner of the Bangladesh Securities and Exchange Commission, traced the Bangladeshi capital market's evolution since independence, noting its expansion but also missed potential due to irregularities, poor coordination, and limited global presence. He advocated for regional cooperation to address these gaps, enhance investor access, and integrate into broader financial networks through reforms and technology-driven advancements. Ayatollah Dr. Gholamreza, Chair of Iran's Shariah Committee, explained the sukuk model prevalent in Iran, where instruments are structured around leasing tangible assets, ensuring Shariah compliance through a true sale and asset-backing that transfers ownership risks to investors rather than mere debt obligations. This asset-backed approach, rooted in principles of risk-sharing and prohibition of interest, makes sukuk permissible and facilitates cross-border Islamic finance integration by aligning with global standards, potentially bridging regional markets through shared Shariah-compliant instruments.

### Panel Discussion 6:

## Islamic Finance in Capital Markets

**Moderator:** Mr. Tariq Naseem, HOD Islamic Finance Department (SECP)

**Panelists:**

- I. Dr. Mufti Irshad Ahmed Ejaz – Chairman SAC, SECP
- II. Mr. Farhan ul Haq Usmani – Head Shariah Audit, Meezan Bank
- III. Dr. Irum Saba – Director, IBA Centre for Excellence in Islamic Finance
- IV. Dr. Majid Pouyanmehr – Secretary, Shariah Committee Iran

The panel on Islamic Finance in Capital Markets explored the structural, regulatory, and market reforms needed to strengthen Pakistan's Shariah-compliant financial ecosystem. While over 60% of PSX's market capitalisation is already Shariah-compliant and global studies highlight Islamic

finance's positive impact on financial inclusion, speakers emphasised that sustainable growth requires deeper coordination and policy coherence. A key recommendation was the establishment of a central focal authority to harmonise efforts across government bodies, supported by a competitive tax and incentive regime that positions Islamic finance on par with conventional systems.

The discussion also highlighted the underdevelopment of Islamic social finance instruments such as waqf, zakat, and ESG-linked sukuk. Panellists stressed that responsibility for advancing these tools should extend beyond regulators to include financial institutions and other stakeholders, with the ultimate goal of achieving tangible poverty alleviation and social upliftment in line with the principles of Maqasid-al-Shariah.

On the investment side, Sukuk were recognised as inherently lower risk due to their asset-backed nature, yet retail participation remains limited. Enhanced awareness, clear product positioning, and technological innovations such as tokenisation were identified as key enablers of broader market access. Regional experiences, particularly from Iran, illustrated how innovative sukuk structures can support infrastructure financing while remaining Shariah-compliant.

Legal inconsistencies relating to asset treatment and the tradability of debt-based sukuk were cited as major constraints. Panellists advocated for standardisation and a harmonised legal framework, with greater focus on asset-based sukuk such as ijarah and salam. Transparency in Shariah screening and timely corporate disclosures were also highlighted as critical for improving investor confidence and strengthening Islamic indices.

## Key Takeaways

- Stronger coordination and a central authority are needed to drive Islamic finance reforms.
- Islamic social finance must evolve to deliver real poverty alleviation and social impact.
- Sukuk should be promoted as a distinct, lower-risk asset class for wider retail participation.
- Tokenisation and innovation can significantly enhance access and inclusivity.
- Legal harmonisation is critical for tradeable short-term and asset-based sukuk.
- Transparency and timely disclosures are vital for credible Shariah screening and indices

### REITs

#### Mr. Muhammad Ejaz, CEO – Arif Habib Dolmen REIT

In his presentation on Pakistan's Real Estate Investment Trust (REIT) sector, Mr. Muhammad Ejaz positioned real estate as the country's "mother industry", a PKR 100 trillion asset class with deep economic linkages but historically under-leveraged due to informality, limited investor access, and weak integration with the financial system. He emphasized that REITs offer a disciplined, regulated structure to unlock this latent potential and channel quality capital into transparent, professionally managed real estate projects.

The presentation outlined how REITs work in Pakistan, detailing a sophisticated institutional framework involving trustees, REIT Management Companies (RMCs), property managers, development advisors, valuers, auditors, Shariah advisors, rating agencies, and regulators. Mr. Ejaz presented a visual workflow showing how investors participate through the PSX, while trustees safeguard assets and RMCs manage operations and income distribution.

Pakistan's REIT Regulations, 2022 define REITs as closed-end trust schemes with robust governance, disclosure, and valuation requirements. The industry now comprises of 34 licensed RMCs and 25 REIT schemes with combined assets of PKR 208.7 billion, including landmark projects such as Dolmen City REIT, the region's first listed REIT, and recent developmental and hybrid REITs like Globe Residency REIT, TPL REIT Fund I, and Image REIT.

Despite strong momentum, the presentation highlighted persistent challenges, including an unfavorable tax regime, dominance of informal players, regulatory fragmentation, limited access to formal finance, and low investor awareness. However, Mr. Ejaz also outlined significant opportunities in the shape of SECP's focus on capital market reforms, demand for civic infrastructure, institutional investor interest, and the ability of Shariah-aligned REITs to attract wider participation. With a growing pipeline, the sector is positioned to become a major pillar of Pakistan's investment and urban development landscape.

### Key Takeaways

- Pakistan's real estate is vast but under-formalized; REITs provide the structure needed to mobilize institutional capital.

- The REIT framework involves strong governance through trustees, RMCs, valuers, auditors, and regulators, ensuring transparency and investor protection.
- REIT Regulations, 2022 offer strengthened oversight, valuation standards, Shariah compliance, and investor disclosure.
- Key constraints include taxation issues, informal market dominance, limited financing channels, and low public awareness.
- Growing institutional interest, infrastructure demand, and a strong project pipeline indicate that REITs can play a transformative role in Pakistan's economic development.

## Closing Remarks:

### Mr. Farrukh H. Sabzwari, CEO – Pakistan Stock Exchange

In his closing remarks on Day 2, Mr. Farrukh H. Sabzwari, CEO of PSX, provided an overview of the exchange's ongoing reforms aimed at modernizing Pakistan's capital markets. He highlighted the transition to a T+1 settlement cycle, which improves market efficiency. Mr. Sabzwari also discussed the listing of GDS on the exchange, which has enhanced transparency in raising government debt and supported active secondary market trading for sukuk instruments with varied structures.

Further, he outlined the development of derivative products, including options, to strengthen risk management and attract institutional investors. Additional initiatives included the e-IPO system for digital public offerings, expansions in ESG-integrated instruments, Shariah-compliant products such as green sukuks, REITs for real estate investment, enhanced margining systems, new index products, and improved market data services to increase liquidity and broaden investor participation. Mr. Sabzwari emphasized PSX's commitment to regional integration, expressing interest in collaborating with neighboring exchanges on cross-border listings, technical partnerships, and harmonized frameworks to promote capital flows, knowledge exchange, and sustainable development across Asia in an evolving global economic landscape.



## Conclusion

The 1st International Capital Markets Conference (ICMC) held in Karachi on 11-12 November 2025 served as a pivotal platform for fostering dialogue among regulators, academics, and market leaders from Azerbaijan, Bangladesh, China, Iran, the United States, and Hong Kong. Over two days, the event showcased Pakistan's transformative reforms, including enhanced digital onboarding, T+1 settlement cycle, ESG integration, and expansions in Islamic finance, pensions, commodities, and REITs. These initiatives underscore SECP's commitment to building a resilient, inclusive financial ecosystem, positioning the country as an investor-friendly destination amid global economic shifts. At its core, the conference illuminated the imperative of regional capital market integration and cooperation. Discussions, enriched by Professor Dr. James Angel's insights, highlighted how integration expands capital pools, achieves economies of scale, boosts liquidity, and simplifies foreign investor access through harmonized regulations. Panels on cross-border listings, sukuk structures, digital assets, and shared infrastructure emphasized collaborative opportunities in Islamic finance and fintech, drawing lessons from regional models like ASEAN+3 and Iran's asset-backed instruments. While acknowledging challenges such as regulatory arbitrage, political frictions, and implementation costs, speakers stressed that coordinated efforts, through MoUs, joint trainings, and unified KYC frameworks, can mitigate risks and unlock sustainable growth. Ultimately, the inaugural ICMC reinforced that in a fragmenting global landscape, regional connectivity is essential for mobilizing investments, enhancing financial inclusion, and addressing shared priorities like climate finance and infrastructure development. Pakistan, with its demographic advantages and strategic reforms, is poised to lead this evolution. By prioritizing mutual trust, innovation, and policy alignment, participants can transform individual markets into a cohesive network, driving collective prosperity and long-term stability across Asia and beyond.