

Annexure E of DMMD Circular No. 07 of 2021

Guidelines for the Submission of Business Plan by Institutions at the time of Application for Primary Dealer (PD), Preliminary Primary Dealer (PPD) and Special purpose Primary Dealer (SPD) Status

Each institution, applying for the status of PD, PPD and SPD will have to submit a Business Plan along with other documents required in the Application Package. The objective of submission of this plan is to gauge the applicant's commitment towards achievement of the goals of the Primary Dealers system.

The Business Plan must be approved by the Assets & Liabilities Committee (ALCO) of the respective institution in case of a bank and DFI, and by the Board of Directors (BoD) in case of all other eligible institutions. SBP may conduct meetings to discuss the contents of the Business Plan and negotiate targets with the respective institutions as per their strengths.

Contents of the Business Plan:

The Business Plan should, at minimum, contain the following elements:

A. About the Institution:

1. Capital adequacy position of the applicant as on the date of invitation of applications, as per their selection criteria.
2. Objective of the applicant to work as a PD/PPD/SPD.
3. Organogram of the team performing the PD/PPD/SPD function.
4. Description (work experience) of the staff dedicated for the PD/PPD/SPD function including traders, sales professionals, analysts, etc. In case of any changes in the staff during the last year, the details may also be shared.
5. Details of the IT Systems and treasury equipment being used for conducting the PD/PPD/SPD business. In case of any upgradation during last year/planned upgradation for upcoming year in the IT systems, the details may also be shared.
6. Each PD/PPD/SPD must demonstrate the ability and satisfy SBP that they have put in place adequate systems and framework to ensure that all transactions related to PD/PPD/SPD activity will be timely settled.
7. Contact details for the following roles as per the given format:
 - a. Main PD/PPD Contact Person (Front Office).
 - b. Alternate PD/PPD Contact Person (Front Office).
 - c. Main PD/PPD/SPD Information Person (Back Office).
 - d. Alternate PD/PPD/SPD Information Person (Back Office).

Format for contact details:

Name	
Designation	
Office Address	
Telephone Number/Mobile Number	
Email Address	

B. Past Performance:

1. Brief description of the value added by the institution for the Government debt market as a PD/PPD/SPD during last year.
2. Brief description of the goals set by the institution in last year’s business plan and the extent to which they have been fulfilled. In case of non-fulfillment of identified goals, share the reason(s) behind it and the strategy for completion.
3. Highlights of the performance during the last year in primary and secondary market of Government debt securities (MTBs and PIBs) in terms of auction underwriting volumes, monthly trading volumes with bank and non-bank institutions, pass through bid volumes, NCB volumes, measures to diversify the investor-base and market-making obligations.

C. Strategy and Commitment:

1. Brief overview of the institution’s ambition and commitment towards diversifying the investor-base and generating liquidity in the secondary market.
2. Detailed target and workable strategy for distribution of marketable Government securities to varied non-bank and retail customers. It should include milestones and targets to be achieved in the next year (for reference: use the table given below). Performance against the target will be reviewed at the end of the period.

Targets of Non-bank/Retail Investors						
Category (e.g. Individuals, Pension funds, etc.)	No. of IPS Accounts held as of current year ended June 30, _____	Actual Volume (in PKR millions) of these accounts during the current year ended June 30, _____			Target of No. of IPS Accounts for the next year ending June 30, _____	Total Target Volume (in PKR millions) of IPS accounts (including NCBs, Sale & Purchase of securities) for the next year ending June 30, _____
		NCBs	Sale	Purchase		

D. Research and Development Initiatives:

1. Description of product and/or market development initiative (i) undertaken in the past year (ii) planned to be conducted in the upcoming year for the development of Government securities market in Pakistan that you would like to be considered in your PD/PPD/SPD evaluation criteria. Share the planned and actual outcomes of the initiative.
2. Description of any promotional activity undertaken/planned to enhance awareness of Government securities among general public and other investor classes.

E. Additional Information

Provide any additional information that you consider worthwhile with regards to your application for the status of PD, PPD or SPD.
