

KSE re-launches Stock Index Futures Contract

RECORDER REPORT

KARACHI: The Karachi Stock Exchange (KSE) has re-launched Stock Index Futures Contract (SIFC) with AKD Securities Limited as market maker.

A ceremony of commencement of market making in Stock Index Futures was held at main trading hall of KSE on Friday.

SIFC has started trading at the KSE from Friday. The trading session began with the ringing of traditional gong. Fareed Alam, CEO of AKD Securities rang the gong.

Speaking on the occasion, KSE Managing Director Nadeed Naqvi said trading activities would increase after

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commencement of market making, and pointed out that more people were interested to come in market making that would further support to increase trading activities at the local bourse.

"In line with the vision of our Chairman Aqeel Karim Dhedhi to promote the development of capital markets in Pakistan, AKD has taken the lead and will be the market maker for SIFC," Fareed Alam, CEO of AKD Securities said.

About the Index Future contract, he said an index future was a contract on an index (KSE-30 index) where the pricing of the contract was based upon a pre-determined contract multiplier.

He said SIFC would provide investors with an opportunity to mimic returns on the KSE-30 index, providing a hedge for individual investors and institutions to take counter balancing positions. Furthermore, SIFC offered cost effective basket exposure to index

stocks, he added.

He said SIFC would trade in the same way as an individual stock offering investors with an opportunity to apply sophisticated trading strategies where SIFC would be eligible for short selling and would be exempted from the up-tick rule. Leverage of up till 8x will be offered on the SIFC.

"Compared with the first SIFC launched in 2008, the current SIFC will offer investors with more liquidity primarily due to the presence of a market maker, which in this case is AKD Securities Limited," he said.

Moreover, a nationwide investor awareness programme was being planned to enhance investor awareness of the product where besides the absence of a market maker the previous SIFC lacked awareness, he said.

KSE General Manager Sani-e-Mehmood also spoke on this occasion and briefed about the salient features of this product.