JAVED IQBAL SECURITIES PVT.LTD

Frequently Asked Questions

1. How to open an account with Javed Iqbal Securities (Pvt) Ltd?
Opening an account is very simple.
You can call at 042-36369112 upto 042-36369116 or email us at jispl@outlook.com or fill out an online account opening form available on our website www.jis-lse.com
Our brokerage advisors will assist you and answer all your queries regarding the procedures for managing, using and monitoring your account.

2. What is Kits?
Kits is software based Internet stock trading service. An Kits account provides a 24-hour connection to access to your account balances and portfolio holdings, statements, stock quotes, news and research.

3. Who can sign up for Kits?
Any person wishing to trade on the Pakistan Stock Exchange can sign up for Kits.

4. How do I sign up for Kits?
You can sign-up by filling our Account Opening Form either online by clicking the Open an Account button available at top of this page or after downloading it from here. The whole process takes just a few minutes. For further assistance, please call 042-36369112.

5. Why should I join Kits?
The electronic service provides valuable and timely information about your account that can help you and your Broker work more closely to reach your financial goals.

6. Can I trade electronically with Kits?
Yes, if you are signed up for Kits and have received a user ID and password from us. Please note that after signing up for Kits, you can place trades only online.

7. Are the market quotes real-time or delayed?
The market quotes and order placement quotes are real-time for Kits clients.

8. What kind of customer service can I expect from Kits?
The customer support of Kits is available during working hours at 042-36369116 to sort out any problems that you may face.

9. How do I contact customer service if I reside outside Pakistan?
Clients residing outside Pakistan can send an email detailing your query to us or by dialing Kits Help line from outside Pakistan.

10. How to Cancel the Pending Orders During a system failure?
A. In case of system failure affecting orders, the customer complaints received from traders and customer support are forwarded to RMD.

B. RMD checks the orders placed on KATS.
C. In case where orders are executed, the customers are informed accordingly through respective traders / customer support.
D. In case where orders are not executed, RMD requests the IT department to cancel the pending orders.
E. Subsequent to cancellation of pending orders the customers are informed of cancelled orders through respective traders / customer support.

11. What is a financial system and what are its components?
A financial system is a system through which savings are directed into investments. The components of a financial system are financial markets, financial instruments and financial institutions. Therefore, a financial system facilitates the flow of resources among market participants e.g. household savings are directed to businesses through equity/debt instruments enabling businesses to raise funds for investments to increase productivity. Accordingly, households get a return i.e. dividend/interest on the amounts invested/lent out to the business.

12. How many types of financial markets are there?
There are two types of financial markets: capital market and money market. A capital market is one in which long term debt instruments and stocks are traded. Therefore, the capital market aids in capital formation by mobilizing savings into productive investments. Money market, on the other hand, is a market where short-term instruments are traded. Therefore, the money market primarily meets short-term liquidity requirements of the participants.

13.What is a stock market?
Stock exchange is an integral part of a country's capital market as it aids in capital formation through sale of securities most notably shares. It also provides marketability of securities by providing a secondary market for trading. Hence, it's a place where securities of listed companies can be bought and sold thereby bringing together companies and investors in one place.

14. Why is the stock market referred to as the 'barometer' of the economy?
An efficient and well-developed stock market is essential for economic growth and development. It facilitates productive activities by mobilizing and allocating savings for long term funding requirements of the business and industry. This in turn leads to expansion and growth of the industrial base resulting in increase in goods and services, employment, per capita income and the GDP. Hence, the stock exchange is an indicator of the economic development of the country.

16. What are shares and how do they differ from bonds?
Shares are the most commonly traded securities on the stock exchanges. A share represents ownership in the company and hence is referred to as an 'equity instrument'. The amount of ownership is restricted to the extent of shares purchased. Bonds on the other hand represent the amount of funds 'lent' out to the company. Hence, it is referred to as a 'debt instrument' and entitles the holder a fixed rate of interest.

17. What are dividends?
Dividends are returns on shareholding. The return is paid by the company out of its profits. This return may be in the form of cash or additional shares referred to as 'bonus shares'. Dividends are announced by the company usually once or twice a year depending upon company policy.

18. What is a primary market and a secondary market?
A primary market is a market where securities which have never been issued before are offered to the public. This initial public offering (IPO), also called the primary issue, is therefore a transaction between the issuing company and the investor. A buyer of the initial issue may consider selling the security to another party. This transaction is done on the secondary market where the outstanding securities are traded amongst investors.

19. What is the difference between a 'listed' and 'unlisted' company?
A listed company is one whose securities are listed on an exchange. The share price of a listed company is quoted and traded on a stock exchange. Unlisted company is one whose securities are not listed on an exchange. Its shares are therefore not available for trading to the general public. Private limited companies are examples of unlisted companies.

20. What is the difference between preference shares and ordinary shares?
Preference shares have preference over ordinary shares with respect to dividend payments and in the event of liquidation i.e. payments are made to preference share holders before any payments are made to holders of ordinary shares. Preference shares usually carry a fixed dividend amount, are usually callable at the option of the issuing company and generally have no voting rights. They may also have an option for conversion to ordinary shares. Ordinary shares are the most common shares issued by a corporation. The ordinary or common stocks have voting rights; dividend payments vary with the company's performance and are not callable.

21. What is a right share?
In order to raise additional funding may a company issue right shares to the existing share - holders. A right issue therefore allows shareholders to buy shares of an issue before it is offered to the public usually at a discounted price. The new shares are usually issued in proportion to the existing investors holdings.

22. What does market capitalization mean?
Market capitalization of a company is the product of number of shares outstanding and its price on a particular day. The market capitalization of a stock exchange is therefore the product of the total shares outstanding of the listed companies and their respective prices on a given day.

23. What is the Central Depository System?
A Central Depository System (CDS) is an electronic book entry system for custody and transfer of securities. CDS was introduced to replace the manual system of physical handling and settlement of shares at the stock exchange. The CDS is managed by the Central Depository Company (CDC) which is incorporated under the Central Depositories Act 1997. Investors can open their accounts directly with CDC called Investor Accounts or open sub accounts with a brokerage firm. With the introduction and implementation of the CDS and automated trading system, trading and settlement of securities has become efficient.

24. What taxes are applicable on investments in the stock exchange?
There is a 10% withholding tax on dividends. For corporations the tax rate on dividends is 5%. Capital Value Tax at the rate of 0.02% is applicable on the purchase of shares. There is also a withholding tax at the rate of 0.01% on the sale of shares.

25. What is GDP?
Gross Domestic Product (GDP) refers to the total rupee value of the final goods and services produced in a country during a given year. GDP is the most comprehensive measure of a country's total output of goods and services. It is therefore the sum of monetary values of all consumption, gross investment, government purchases and net exports during a specified period.

26. What is meant by balance of payment and balance of trade?
Monetary inflows and outflows of a country are measured by balance of payments. Balance of payment is therefore a comprehensive record of all economic transactions between a country and the rest of the world during a given period. It has two components: balance of payment on current account (BPC) and balance of payments on capital account (BPCap)..
The overall balance of payment of a country is therefore the total of balance of payments on current and capital account.

27. What is meant by 'budget surplus' and 'budget deficit?
A budget for a given year shows the planned expenditures of government programs and the expected revenues from taxes. Budget surplus occurs when taxes and other revenues exceed government expenditures. On the other hand, if expenditures exceed revenues, there is a budget deficit.

28. Differentiate between fiscal and monetary policy?
Fiscal policy refers to government's taxation and spending policy with the aim of maximizing national income, output and employment. Monetary policy refers to the regulation of money supply and interest rates by a Central Bank to control inflation and stabilize the currency. It is aimed at influencing the availability and cost of funds which is used to finance economic activity.

29. What is deficit financing?
When government expenditure exceeds receipts from the public, the government resorts to borrowing to cover the gap. This is called deficit financing and is used to stimulate economic growth. For example, in the absence of effective demand, the government may increase spending on public works, meeting the expenditure through borrowings rather than increased taxes. As government investment increases, the level of national income and employment also increase. Deficit financing therefore results in increase in money supply and purchasing power resulting in increase in prices. As prices increase, entrepreneurs' profits increase, inducing investment in the private sector. Hence, deficit financing can stimulate economic activity in both public and private sector