OS Capital

OS CAPITAL
Investments (Pvt.) Ltd

• SECP-REGULATED CURRICULUM
EDITION I · MAY 2026

A PROFESSIONAL TRADING CURRICULUM

PMEX & PSX Trading Mastery.

Pakistan's markets, taught by the desk that trades them.

AUTHOR
OS Capital Research

LEVEL
Foundation

READING TIME
~ 45 minutes

01

MODULE ONE

Introduction to Financial Markets & OS Capital

MODULE ONE · OVERVIEW

Introduction to Financial Markets & OS Capital.

Before any trade is placed, an investor must understand the system in which it lives — the markets, the regulators, and the intermediaries that connect capital to opportunity. Module 1 lays that foundation for Pakistan's two regulated exchanges, the PSX and the PMEX, and introduces OS Capital Investments as your licensed counterparty.

LEARNING OBJECTIVES

- Define a financial market and explain the role of capital formation in an economy.
- Distinguish between equity, commodity and foreign-exchange markets, and where each is traded in Pakistan.
- Articulate the case for investing in Pakistan, with reference to demographics, capitalisation and valuation.
- Identify the responsibilities of the SECP, the Pakistan Stock Exchange and the Pakistan Mercantile Exchange.
- Describe how OS Capital Investments operates as a regulated intermediary on both exchanges.
- Recall the foundational vocabulary of trading and settlement used throughout this curriculum.

IN THIS MODULE

§ 1.1

FOUNDATIONS

What are financial markets?

A **financial market** is the marketplace in which savers — households, pension funds, corporates — exchange capital with users of capital. Companies raise funds to build factories; the state borrows to build roads; commodity producers hedge price risk. Without functioning markets, none of this happens efficiently.

At its simplest, every financial market does three things. **Price discovery** — bringing together many buyers and sellers so that an objective price emerges. **Capital formation** — channelling savings to productive enterprises through equity and debt issuance. **Liquidity** — letting holders convert securities to cash, and vice versa, with minimal cost.

Markets are classified by what is traded (equities, debt, commodities, currencies, derivatives), by where transfer happens (primary versus secondary), and by structure (exchange-traded versus over-the-counter). In Pakistan, the regulated public marketplaces are the Pakistan Stock Exchange — for equity, debt, ETFs and equity derivatives — and the Pakistan Mercantile Exchange — for commodity, currency and energy futures.

A market is only as useful as its plumbing. Order books, clearing houses, custodians, depositories and brokers all sit between you and the screen. Each link is regulated, licensed, and audited; this Module introduces the actors so the rest of the curriculum can focus on strategy.

THE THREE FUNCTIONS OF A MARKET

FUNCTION	WHAT IT DOES	WHY IT MATTERS TO YOU
Price discovery	Aggregates information from every buyer and seller into a single, continuously-updated price.	You can mark your portfolio to a real, observable price every second the market is open.
Capital formation	Lets businesses raise equity (IPOs) or debt (sukuk, TFCs) from the public.	Your capital funds growth — and you participate in the upside as a shareholder or creditor.
Liquidity & risk transfer	Converts holdings to cash on demand; lets producers and consumers hedge future prices.	You can enter and exit positions; commodity producers can lock in prices via futures.

KEY CONCEPT

Without price discovery, there is no investing — only speculation. A regulated market's single most important contribution is a credible, public, real-time price — everything that follows depends on it.

§ 1.2

MARKET CATEGORIES

Types of markets.

For our purposes — a Pakistani retail or institutional investor — there are three categories of regulated market that matter: **equity** (ownership in companies), **commodity** (raw materials and energy), and **foreign exchange** (currency pairs). Each lives on a different exchange, with different rules, settlement cycles and risk profiles.

MARKET	WHAT IS TRADED	WHERE (IN PAKISTAN)	SETTLEMENT	PRIMARY USE
Equity	Shares of listed companies, ETFs, REITs	PSX (KSE-100 etc.)	T+2	Long-term ownership; dividend income; IPO subscription.
Equity derivatives	Deliverable futures, cash-settled futures	PSX	T+2 / monthly	Leveraged exposure; hedging single-stock risk.
Commodity	Gold, silver, crude oil, agri futures	PMEX	Daily MTM	Speculation; inflation hedge; producer hedging.
Foreign exchange	USD/PKR, EUR/PKR currency futures	PMEX	Daily MTM	Currency hedging; carry-trade speculation.
Debt	Govt securities (T-bills, PIBs), sukuk, TFCs	PSX & OTC	T+1 / T+2	Fixed-income allocation; capital preservation.

DID YOU KNOW?

PMEX is currently the **only licensed commodity futures exchange** in Pakistan. Every gold or oil future you trade in this country settles through PMEX — there is no parallel venue.

SPOT VS FUTURES — A CRITICAL DISTINCTION

On the **spot** market, you receive what you buy and pay the full price up front. On the **futures** market, you agree today to a price for future delivery, posting only a margin (typically 5–15% of contract value). Futures are inherently *leveraged*: a 5% move in the underlying can mean a 50% move in your equity. PSX is primarily a spot market; PMEX is exclusively futures.

ASSET CLASS PROFILES

Three markets, three risk profiles.

Each asset class has a distinct return distribution. The table below compresses years of empirical data into a single planning view. We will revisit each row in detail in Modules 3, 4 and 5.

ASSET CLASS	TYPICAL HOLD	VOL. PROFILE	INCOME	LEVERAGE	SUITABILITY
PSX equities	Months — years	Moderate	Dividends	Up to 4× (MFS)	Wealth accumulation
PSX derivatives	Days — weeks	High	None	≈ 7×	Tactical exposure
PMEX gold/silver	Days — months	Moderate	None	≈ 10×	Inflation hedge
PMEX energy	Hours — days	Very high	None	≈ 15×	Active trading only
PMEX FX	Days — weeks	Moderate	None	≈ 50×	Currency hedging
Govt debt	Months — years	Low	Coupons	None	Capital preservation

PRO TIP

A balanced beginner portfolio at OS Capital often allocates **60% to PSX equities** for long-term growth, **20% to PMEX gold futures** as an inflation hedge, and **20% to government debt** for capital preservation. Module 6 covers portfolio construction in depth.

PRIMARY VS SECONDARY MARKETS

The **primary market** is where new securities are created — IPOs on the PSX, new bond issuances. The **secondary market** is where existing securities change hands between investors. Your screen shows the secondary market: continuous bids and offers, with prices that reflect every piece of public news, sentiment and order flow.

OS Capital intermediates both. As a PSX-licensed broker we can subscribe you to IPOs (primary), and we route your daily orders to the PSX limit order book (secondary). On PMEX, every contract is itself a continuously-quoted product — there is no primary issuance per se; new contracts are listed by PMEX on a published calendar.

CURRICULUM NOTE

Modules 3–5 cover each asset class hands-on: opening, executing, settling and managing positions through the OS Capital terminal.

§ 1.3

THE PAKISTAN OPPORTUNITY

Why invest in Pakistan.

Pakistan is a frontier market with the demographics of a future emerging giant. For long-horizon investors who can absorb cyclical volatility, the combination of population, valuation and reform momentum offers a compelling structural case — provided positions are constructed with a regulated counterparty and a clear risk framework.

241 M
Population (5th largest in the world)

64 %
Under the age of 30 — a working-age tailwind

$ 21 B
PSX market capitalisation, latest snapshot

~ 5×
KSE-100 trailing P/E — among the lowest in EM/Frontier

THE STRUCTURAL CASE

Demographics. Pakistan adds roughly 4–5 million working-age citizens every year. Domestic consumption — cement, fertiliser, FMCG, banking — has a multi-decade runway. The country's median age (~22) is one of the youngest in Asia.

Valuation. The KSE-100 has historically traded at a 30–50% discount to regional peers like Vietnam and the Philippines, despite comparable corporate earnings growth. Discounts of this magnitude have, historically, mean-reverted over five- to seven-year horizons.

Reform & reclassification. Pakistan has rotated between MSCI's Emerging and Frontier classifications. Each upgrade cycle brings foreign passive flows; each downgrade brings deep value. Active investors can position around the cycle.

Commodity tailwinds. Pakistan is a net importer of energy and an active producer of agricultural commodities. PMEX gives you direct access to hedge personal or corporate exposure to gold, oil and the dollar.

INVESTOR CAVEAT

Frontier markets are not without risk. Currency, political and liquidity risks are **materially higher** than in developed markets. A diversified, multi-asset approach — across PSX equities and PMEX hedges — is the appropriate response.

OS CAPITAL VIEW

We believe Pakistan rewards investors who arrive early, size positions conservatively, and stay patient through cycles. Module 6 outlines our recommended allocation framework for resident and overseas Pakistanis alike.

§ 1.4

THE REGULATED ARCHITECTURE

SECP, PSX & PMEX.

Pakistan's capital markets sit under a clear three-tier architecture: a statutory regulator at the top, two licensed exchanges below it, and a network of licensed brokers, clearing houses and depositories serving end investors. Every actor in this diagram is accountable to the one above.

SECP

SECURITIES & EXCHANGE COMM.

The federal regulator. Licenses brokers, exchanges and asset managers; investigates market misconduct; sets disclosure and conduct standards. Established 1997 under the SECP Act.

PSX

PAKISTAN STOCK EXCHANGE

The sole licensed stock exchange in Pakistan, formed by the merger of Karachi, Lahore and Islamabad exchanges in 2016. Hosts equities, ETFs, REITs and equity futures.

PMEX

PAKISTAN MERCANTILE EXCHANGE

The only licensed commodity futures exchange in Pakistan. Hosts gold, silver, crude oil, currency and agri futures with daily mark-to-market settlement.

WHAT EACH REGULATOR ACTUALLY DOES

BODY	CORE RESPONSIBILITIES	TOUCHPOINT FOR YOU
SECP	Licenses OS Capital and audits us annually. Approves IPO prospectuses, asset manager schemes, and broker conduct rules. Operates the investor complaint mechanism.	SECP Reg # 0259867
PSX	Operates the equity order book, sets listing standards, runs circuit breakers and the IPO subscription process. NCCPL clears and NCSS settles every trade.	PSX TREC # 539
PMEX	Operates the futures order book; runs the clearing house. Sets daily price limits, contract specifications, and end-of-day margins. Publishes settlement prices.	PMEX TREC # 351
CDC	Central Depository Company. Holds your securities in dematerialised form. You receive a CDC sub-account against your OS Capital trading account.	Your CDC Sub-Account

WHY THIS MATTERS

When you trade with a licensed broker, **your securities and cash never sit on the broker's balance sheet**. Equities are held at CDC; commodity margins sit in a segregated PMEX clearing account. This is the single most important investor protection in the system.

§ 1.5

VISUAL

The market structure of Pakistan.

Read this diagram from the top down. Capital and orders flow downward; oversight and information flow upward. OS Capital sits at the broker tier — the only tier the retail investor interacts with directly.

CAPITAL MARKETS HIERARCHY · PAKISTAN

REGULATOR
SECP — Securities & Exchange Commission of Pakistan

EQUITY EXCHANGE
Pakistan Stock Exchange (PSX)

FUTURES EXCHANGE
Pakistan Mercantile Exchange (PMEX)

CLEARING
NCCPL & CDC

LICENSED BROKER · YOU'RE HERE
OS Capital Investments

CLEARING
PMEX Clearing House

INVESTOR
Retail · HNI · Corporate · Institutional

Regulator · Exchange · Member firm · Investor

READING THE FLOW

Your order originates at the investor tier and travels **up** through OS Capital — your licensed broker — to the relevant exchange. Once matched, the trade is reported **down** to the clearing layer (NCCPL/CDC for equities; the PMEX clearing house for futures) where it is netted, margined and settled. Money and securities move along this path in opposite directions, in segregated accounts at every stage.

INVESTOR PROTECTION

If a broker fails, client assets at CDC and PMEX remain client property — they are not pooled with broker assets. This is the architectural guarantee of a regulated market.

§ 1.6

YOUR COUNTERPARTY

About OS Capital Investments.

OS Capital Investments (Pvt.) Ltd is an SECP-licensed brokerage providing access to both regulated public marketplaces in Pakistan — the PSX for equities and the PMEX for commodity and currency futures. We act as your intermediary, your custodian-of-record, and your educator.

WHAT WE DO

Execution. Direct order routing to PSX and PMEX with a dedicated dealer team. Cash, margin (MFS), short-sell on PSX; full futures suite on PMEX.

Research. An in-house, SECP-registered research desk publishes a morning brief, quarterly sector outlooks and bespoke portfolio reviews for clients.

Advisory. Onboarding specialists guide KYC, CDC sub-account creation and product suitability. Portfolios are reviewed quarterly with a relationship manager.

Education. This curriculum — eight modules from foundations to advanced derivatives — is part of our client-success programme.

CREDENTIALS

LEGAL NAME	OS Capital Investments (Pvt.) Ltd
SECP REG #	0259867
PSX TREC #	539
PMEX TREC #	351
HQ	32-H Canal Gardens, Lahore
WEB	oscapitalinvestments.com

HOW WE OPERATE, IN THREE COMMITMENTS

COMMITMENT	WHAT IT MEANS IN PRACTICE
Segregated client funds	Equities at CDC, futures margins in segregated PMEX clearing accounts. Never commingled with firm capital.
Transparent pricing	Brokerage rates and PMEX margins published in the client portal. No hidden mark-ups.
Suitability first	Every new client is risk-profiled. Leveraged products require additional acknowledgement.

REACH US

Account assistance is available **24/5** via the client portal, email and phone. Our dealing room operates during PSX (09:30–15:30 PKT) and PMEX (08:30–23:30 PKT) sessions.

§ 1.7

REFERENCE

Key terms — glossary.

The vocabulary you will encounter across the curriculum. Bookmark this page; later modules assume fluency.

Bid / Ask ORDER BOOK BASICS	The bid is the highest price a buyer will pay; the ask is the lowest price a seller will accept. The difference is the *spread* — a real cost on every round-trip trade.
KSE-100 PSX BENCHMARK INDEX	The Pakistan Stock Exchange's flagship index. 100 companies, free-float weighted, recomposed semi-annually. The headline gauge of Pakistani equity performance.
T+2 Settlement PSX CYCLE	Trade date plus two business days. The interval between an executed equity trade and the legal transfer of cash and securities through NCCPL/CDC.
Margin LEVERAGED PRODUCTS	The collateral posted to control a futures or MFS position. Initial margin opens the trade; maintenance margin keeps it open. A breach triggers a margin call.
Mark-to-Market (MTM) PMEX DAILY SETTLEMENT	The daily revaluation of open futures positions against the exchange-published settlement price. Gains are credited, losses are debited, every trading day at close.
CDC Sub-Account CUSTODY	Your individual securities account at the Central Depository Company, opened by OS Capital on your behalf. Equities are held here in dematerialised form.
TREC TRADING RIGHT ENTITLEMENT CERTIFICATE	The licence held by a broker to access an exchange. OS Capital holds PSX TREC #539 and PMEX TREC #351 — both are reproduced on our customer-facing materials.
MFS MARGIN FINANCING SYSTEM	The PSX-regulated facility through which clients borrow against eligible securities to amplify equity exposure. Subject to mandatory haircuts and overnight rates.
IPO / SPO PRIMARY ISSUANCE	An Initial Public Offering creates new shares for the first time; a Secondary Public Offering issues new shares of an already-listed company. Both subscribe through PSX.
Sukuk SHARIAH-COMPLIANT DEBT	An Islamic finance instrument resembling a bond — but structured as an asset-ownership certificate rather than an interest-bearing loan. Traded on PSX and OTC.

END OF MODULE 01

Module 2 — *Account Opening, KYC & Risk Profiling at OS Capital* — walks you through onboarding step by step, before Module 3 takes you to your first PSX trade.