IMPLEMENTATION OF DERIVATIVES IN PAKISTAN THROUGH "FIX" PROTOCOL

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Project Approval Statement

APPROVAL FOR EXAMINATION

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On behalf of myself and my colleagues, I am certifying that the candidate's thesis has been completed and that its standards are appropriate for examination. I've also run a plagiarism test on this thesis using HEC-approved software and found a similarity index of ___, which is within the HEC's acceptable range for BS theses. A format that is acceptable to Management Sciences has also been found.

Supervisor's Signature: ______________ Date: 4 july 2022

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HOD's Signature: ______________ Date: 4 july 2022

Declaration of Authentication

I, hereby, declare that no part of the work referred to in this project has been submitted as part of any other application to this university or to any other institution of learning.

Student's Signature: ______________________

Acknowledgment

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Abstract

The purpose of this study is to provide a solution to bring stability in exchange rates for import oriented countries like Pakistan itself, introduce financial instruments or precisely "Financial Derivates" in the Pakistani market to protect producer/manufacturer from exchange losses, increase investments in the country by introducing a derivative market in Pakistan where derivative instruments like Futures can be traded to hedge losses using FIX protocols and rewarding the economy with a healthy growth rate. Not only does it provide a solution for business corporations to hedge their losses but provides a huge platform to the government as well to increase their revenues. Government bodies such as the Pakistan Stock Exchange, Securities and Exchange Commission of Pakistan, National Clearing Company Pakistan and Central Depository Centre's are involved in the transactions made, keeping their own commission and tax charges empowering them to collect additional taxes and impose regulation on such impactful trading market.

The Derivatives market such as Currency Carry Trade allows a leverage in trade against credibility and credit rating as per relevant applicable policies and laws, it enables a trader to sell and purchase commodities currencies and indexes weighing beyond what the balance sheet can support and enhances the profitability horizon, however, it works both ways and creates equal probability for a loss to be booked beyond what the balance sheet of trader/investor can handle.