

**GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Islamabad, the 2nd May, 2017

NOTIFICATION

S. R. O. 296 (I)/2017.— In exercise of powers conferred by sections 19, 87, 88, 89, 90, 91, 94 and 95 read with section 169 of the Securities Act, 2015 (III of 2015), the Securities and Exchange Commission of Pakistan hereby makes the following regulations, the same have been previously published in the official Gazette vide Notification No.S.R.O.1139(I)/2015 dated 16th November 2015 as required by sub-section (4) of section 169 of the Act, namely:-

CHAPTER I

PRELIMINARY

1. Short title, commencement and applicability.— (1) These Regulations shall be called the Public Offering Regulations, 2017.

- (2) They shall come into force at once.
- (3) They shall apply to:
 - (i) a public limited company or body corporate proposing to issue securities to the general public;
 - (ii) an Offeror who intends to offer securities to the general public; and
 - (iii) sponsors of the public limited company or body corporate, the Consultants to the Issue, the Underwriter, the Book Runner, the Designated Institution, the Banker to an Issue, Investment Agent and Issuing and Paying Agent.

(4) These Regulations shall not apply to an Issue by Special Purpose Vehicle or body corporate specifically setup by the Federal Government or any provincial Government for the purpose of issue of any debt security, under any other law or offer of securities as mentioned under sub-section (4) of section 87 of the Act.

2. Definitions.— (1) In these Regulations, unless there is anything repugnant in the subject or context, —

- (i) “Abridged Prospectus” means condensed form of the Prospectus containing such information and disclosures as mentioned in Second Schedule to these Regulations;
- (ii) “Act” means the Securities Act, 2015 (III of 2015);
- (iii) “Application Supported by Blocked Amount” means an application for subscription to shares or bidding, where money is blocked in the applicant’s or bidder’s respective bank account;
- (iv) “Banker to an Issue” means a scheduled bank licensed by the Commission as a Banker to an Issue.;

- (v) “Bid” means an intention to buy a specified number of securities at a specified price;
- (vi) “Bid Amount or Bid Money” means the amount equal to the product of the number of shares bid for and the Bid Price;
- (vii) “Bid Collection Center” includes designated offices of the Book Runner, specified branches of any scheduled bank and offices of any other institution specified by the Book Runner where bids are received and processed;
- (viii) “Bidder” means an investor who makes a bid for subscription of shares in the Book Building process;
- (ix) “Bidding Period” means the period during which bids for subscription of shares are received;
- (x) “Bid Price” means the price at which Bid is made for a specified number of shares;
- (xi) “Book Building” means a process undertaken to elicit demand for shares offered for sale through which bids are collected from the Bidders and a book is built which depicts demand for the securities at different price levels;
- (xii) “Book Building Portion” means the part of the total Issue which has been allocated for subscription through Book Building;
- (xiii) “Book Building System” means an online electronic system operated by the Designated Institution for conducting Book Building;
- (xiv) “Book Runner” means a securities broker or a scheduled bank who holds a valid license from the Commission to act as an Underwriter;
- (xv) “Centralized E-PO System (CES)” means a centralized system through which applications for subscription of securities through Public Offering can be made electronically through internet, Automated Teller Machines (ATM) and mobile phones;
- (xvi) “Commercial Paper” means an unsecured debt security with a maturity of not less than 30 days and not more than one year;
- (xvii) “Consultants to the Issue” means any person licensed by the Commission to act as a Consultant to the Issue;
- (xviii) “Consolidated Bid” mean a bid which is fully or partially beneficially owned by persons other than the one named therein.
- (xix) “Debt Securities Trustee” means a person licensed by the Commission under the Act and appointed as a Debt Securities Trustee by an Issuer of debt security;
- (xx) “Designated Institution” includes the securities exchange, central depository and clearing company to provide Book Building System;
- (xxi) “Dutch Auction Method” means the method through which Strike Price is determined by arranging all the Bids in descending order based on the Bids

Prices along with the number of shares and the cumulative number of shares bid for. The Strike Price is determined by lowering the Bid Price to the extent that the total number of securities offered under the Book Building Portion are subscribed;

- (xxii) “Financial Institution” means a financial institution as defined in the Ordinance;
- (xxiii) “Floor Price” in case of book building means the minimum price per share set by the Issuer in consultation with Consultant to an Issue ;
- (xxiv) “Green Shoe Option” means a pre-determined number of securities to be issued by the Issuer in case of over-subscription of the issue;
- (xxv) “Initial Public Offering or IPO” means first time offer of securities to the general public;
- (xxvi) “Institutional Investors” means any of the following entities:
 - (a) A financial institution;
 - (b) A company as defined in the Companies Ordinance, 1984 (XLVII of 1984);
 - (c) An insurance company established under the Insurance Ordinance, 2000;
 - (d) A securities broker;
 - (e) A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
 - (f) A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005;
 - (g) A private fund established under Private Fund Regulations, 2015;
 - (h) Any employee’s fund established for beneficial of employees;
 - (i) Any other fund established under any special enactment; and
 - (j) Any other entity as specified by the Commission.
- (xxvii) “Investment Agent” means an Islamic Financial Institution licensed by the Commission as a Debt Securities Trustee and appointed by the Issuer through execution of investment agency agreement. The Investment Agent shall be responsible to facilitate issue and sale of Sukuk and other Shariah compliant securities under these Regulations and to safeguard interest of the holders of Sukuk and other Shariah compliant securities;
- (xxviii) “Issue” means public offer of securities to the general public or a class thereof by an Issuer;
- (xxix) “Issuer” in relation to securities, means any person who has issued or proposes to issue a security and includes an Offeror;

- (xxx) “Issuing and Paying Agent” means a Financial Institution appointed by an Issuer of Commercial Paper under these Regulations as an Issuing and Paying Agent;
- (xxxi) “Limit Price” means the maximum price a prospective Bidder is willing to pay for a share under the Book Building method;
- (xxxii) “Limit Bid” means a bid by the Bidder at a Limit Price under the Book Building method;
- (xxxiii) “Minimum Bid Size” means the Bid Amount equal to one million rupees under the Book Building method;
- (xxxiv) “Offeror” means any person or entity holding, directly or indirectly, such number of securities as prescribed in these Regulations and offers such securities for sale to the public or invites any other person to make subscription for such an offer and includes an Issuer;
- (xxxv) “Offer Size” means the total number of securities offered for sale comprising allocation to the Book Building Portion and allocation to the retail portion, if any, excluding pre-IPO placement;
- (xxxvi) “Offer for Sale” means an offer of securities for sale to the general public by an Offeror;
- (xxxvii) “Ordinance” means the Companies Ordinance, 1984 (XLVII of 1984);
- (xxxviii) “Prospectus” includes any document, notice, circular, material, advertisement, offer for sale document, publication or other invitation offering to the public (or any section of the public) or inviting offers from the public for the subscription or purchase of any securities of a company, body corporate or entity, other than deposits invited by a bank and certificate of investments and certificate of deposits issued by non-banking finance companies;
- (xxxix) “Public Offer” means offer of securities by an Issuer including an offer to the general public or a section of the public but does not include Private Offer or Private Placement;
- (xl) “Regulations” means the Public Offering Regulations, 2017;
- (xli) “Related Employees” mean such employees of the Issuer, the Offeror, the Book Runner, the Underwriters, and the Consultants to the Issue, who are involved in the Issue or the Offer for Sale;
- (xlii) “Retail Investor” means an investor who bids for a security or make an application for subscription of a security out of the offer size allocated to the general public;
- (xliii) “securities” means shares and debt securities
- (xliv) “Schedule” means a schedule to these Regulations;
- (xlv) “Secondary Public Offering” means offer of securities to the general public subsequent to IPO;

- (xlvi) “Shariah Advisor” means a firm or a company who/that meets the fit and proper standards specified by the Commission or the State Bank of Pakistan for Shariah advisory services.
- (xlvii) “Shariah Compliant Security” means a security structured on the basis of any of the Shariah concepts including Ijarah, Musharika, Morabiha, Modaraba, Salam and any other concept allowed by the Shariah Advisor;
- (xlviii) “Shariah certificate” for the purpose of these Regulations includes a Shariah pronouncement or fatwa by the Shariah Advisor;
- (xlix) “Shelf Registration” means the sanctioned amount of securities to be issued in tranches over a period of time as specified in the Prospectus.
- (l) “Supplement to the shelf prospectus” means an updated condensed form of the full prospectus for inviting public subscription through subsequent tranche(s);
- (li) “Step Bid” means a series of Limit Bids at increasing prices provided that Bid Amount of any step is not less than one million rupees under the Book Building method;
- (lii) “Strike Price” means the price per share determined on the basis of Book Building process;
- (liii) “Special Purpose Vehicle” means a special purpose vehicle as defined in the Companies (Asset Backed Securitization) Rules, 1999;
- (liv) “Sponsor” means:
 - (a) a person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly;
 - (b) A person who replaces the person referred to in clause (a) above; and
 - (c) A person or group of persons who has control of the issuing company whether directly or indirectly.
- (lv) “Sukuk” means an instrument of equal value representing undivided share, in ownership of the identified tangible assets, usufruct and services or in the ownership of the assets of particular projects or special investment activity.
- (lvi) “Tranche” means offer of a certain portion out of the total amount of securities approved by the Commission; and
- (lvii) “Valuation Section” means a section in the prospectus containing the justifications given by the Consultant to the Issue in support of the offer price or Floor Price set by the Issuer.

(2) Words and expressions used but not defined in these Regulations shall have the same meaning as are assigned to them in the Act, the Ordinance, or the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).

CHAPTER II

GENERAL CONDITIONS

3. General Conditions for Public Offer of Securities.— (1) An Issuer shall make a public offer of securities, subject to the following general conditions, namely. -

- (2) No Issuer shall make a public offer if
 - (i) the Issuer, its sponsors, promoters, substantial shareholders, directors and associates have over dues or defaults, irrespective of the amount, appearing in the report obtained from the credit information bureau; and
 - (ii) the Issuer or its directors, sponsors or substantial shareholders have been holding the office of the directors, or have been sponsors or substantial shareholders in any company,
 - (a) which had been declared defaulter by the securities exchange or futures exchange; or
 - (b) whose TRE certificate has been cancelled or forfeited by the securities exchange; or
 - (c) which has been de-listed by the securities exchange due to non-compliance of its regulations.

Provided that Commission may grant relaxation upon reasons to be recorded, and rectification of cause leading to such delisting

(3) The Issuer shall appoint Consultant to the Issue, Book Runner, Underwriter, Balloter and Share Registrar and Banker to an Issue, where required, through separate agreements in writing. The Consultant to the Issue, Book Runner, Underwriter, Balloter and Share Registrar and Banker to an Issue shall be independent of each other and the Issuer. The Consultant to the Issue which is also licensed by the Commission as underwriter may underwrite the issue up to 50% of the retail portion of the offer size;

Explanation: For the purpose of this clause, Independent means that the above regulated persons do not have any conflict of interest and relationship or connection whether pecuniary or otherwise including but not limited to shareholding, directorship and employment etc. with the issuer, its associated companies and other regulated persons involved in Public offering process.

(4) The Consultant to the Issue, Book Runner and Underwriter and their associates shall not publish any research report by whatever name called in respect of the Issuer or Issue from the date of their appointment as Consultant to the Issue, Book Runner and Underwriter to the date of allotment of securities to the general public;

(5) Subsequent to the underwriting agreement with the issuer, the underwriter to the issue may enter into separate agreements with other underwriters, with the consent of the issuer.

(6) The Consultant to the Issue may enter into separate agreements with any expert for performance of its duties;

Provided that the said agreement(s) shall not absolve the Consultant to the Issue from

its obligations as specified in these Regulations and the agreement entered with the Issuer.

(7) Issuer shall ensure that Centralized E-PO System (CES) is available for the general public

(8) The Issuer through its Consultant to the Issue, shall submit an application along with draft prospectus for listing of its securities to the securities exchange under section 19 of the Act read with the relevant regulations of the securities exchange. The copy of the said application along with draft prospectus shall also be sent to the Commission for its record;

(9) The Issuer while submitting draft prospectus to the securities exchange shall comply with the following requirements with respect to the contents of the draft prospectus and advertisement;

- (i) Prepare the draft prospectus in the format as prescribed in First Schedule and should be translated into Urdu in addition to English version.
- (ii) Prepare the draft abridge prospectus, if any, in the form as prescribed in Second Schedule.
- (iii) Prepare the draft advertisement, if any, in the form as prescribed in Third Schedule.
- (iv) Prepare the draft supplement to the prospectus, in case of shelf registration, in the form as prescribed in Fourth Schedule.

(10) The language of the draft prospectus should be simple, plain, clear, precise and easily understandable.

(11) The draft prospectus as submitted by the Issuer shall be placed by the securities exchange on its website for a period of seven working days and the same shall be notified by the securities exchange to its members, for seeking public comments. The draft prospectus shall also be placed on the website of the Issuer and Consultant to the Issue;

(12) The securities exchange shall ensure that all comments received on the draft prospectus have been incorporated and suitably addressed by the Consultant to the Issue and the Issuer to the satisfaction of the securities exchange.

(13) While processing any application submitted by the Issuer through the Consultant to the Issue under section 19 of the Act for its approval, the securities exchange, in addition to any other requirements, shall examine the proposed issue from various aspects including eligibility requirements and suitability of the Issuer or security for listing considering the interest of general public and its benefits to the capital market. In order to assess the suitability aspect, the securities exchange may ask for any additional information from the Issuer and the Consultant to the Issue including financial projections, future strategies of the Issuer, experts' reports, etc.

Explanation: The term suitability with regard to listing of securities includes assessing various risks involved such as sector risk, operational risk, legal risk, etc, track record of sponsors, quality and capability of the management, past financial performance of the Issuer, future strategies of the Issuer, dividend payout history, financial projections, financial viability, dividend policy, etc.

(14) The securities exchange shall communicate its approval or reasons for rejection

of the application to the Consultant to the Issue with a copy to the Issuer and Commission. In case of approval of application, the securities exchange shall also forward to the Commission the comments received on the draft prospectus along with rationale for comments incorporated in the prospectus and comments rejected.

(15) After obtaining the approval of the securities exchange, the Issuer through the Consultant to the Issue shall submit an application to the Commission for its approval under section 87 and 88 of the Act. The application shall be accompanied by the processing fee as prescribed in Fifth Schedule:

(16) In case application for listing is refused by the securities exchange, the Issuer through the Consultant to the Issue may file a petition before the Commission within thirty days of such refusal.

(17) A company may issue securities outside Pakistan subject prior approval of the Commission under section 95 of the Act and payment of non-refundable fee of one million rupees and submission of such documents as prescribed in Sixth Schedule .

(18) Securities of any company established outside Pakistan can be offered for sale to the public under sections 87 and 88 of the Act read with Sections 461 and 462 of the Ordinance.

Provided such foreign company is compliant with the provision of Part XIV of the Ordinance, these Regulations and meets requirements of regulations of the securities exchange for listing of companies and securities.

CHAPTER III

Public Offer of Shares

4. Methods for public offer of shares: An Issuer including an Offeror may make public offer of shares as per any of the method given below:

(1) **Fixed Price Method:** Under the fixed price method, the offer price is set by the Issuer in consultation with the Consultant to the Issue.

(2) **Book Building Method:** Book building is a mechanism of price discovery of shares through bidders who make bids not below the Floor Price. Bids received are listed in descending order of price evidencing demand at different price levels at or above the Floor Price. A Strike Price is arrived at through Dutch Auction Method.

5. Conditions for public offer of Shares.- An Issuer shall comply with the following conditions, namely,-

(1) The sponsors of the Issuer shall retain their entire shareholding in the company for a period of not less than twelve months from the last date for public subscription or in case of green field projects from the date of commencement of commercial operations or production by the company, whichever is later;

(2) The sponsors of the Issuer shall retain not less than twenty five percent of the paid up capital of the company for not less than three financial years from the last date for the public subscription or, in case of green field projects, from the date of commencement of commercial operations or production by the company, whichever is later;

(3) The shares of the sponsors mentioned at (1) and (2) above shall be kept

unencumbered in a blocked account with central depository;

(4) Subject to compliance with sub-regulation (1) and (2) above, and with the approval of the securities exchange, the sponsors of the Issuer may sell their shareholding through block-sale to any other person who shall be deemed sponsor for the purposes of these Regulations. Any such person and its directors, sponsors and substantial shareholders shall comply with conditions as stipulated in sub regulation (1) of regulation 3 above;

(5) The issuer may allot shares on account of preferential allocation to its employees at the same price at which shares are offered to the general public;

(6) In case of public offer of shares for a green field project, balancing, modernization and replacement or expansion,-

- (i) The public offer of shares shall be in accordance with the financial plan approved by the board of directors of the Issuer. The financial plan shall be disclosed in the prospectus along with rationale for variations, if any;
- (ii) the Issuer shall before making the offer of shares to the public, provide the Commission a certificate from Consultants to the Issue confirming that,-
 - (a) viability of the financial plan as disclosed in the prospectus has been carried out considering overall fund raising avenues, proceed utilization, time involved etc.
 - (b) various components of financial plan have been verified by the auditors;
 - (c) shares allocated to sponsors, foreign and local investors, if any, have been fully paid for;
 - (d) land for the project, where required, has been acquired and is in the name of Issuer; and
 - (e) irrevocable letter(s) of credit, where required, has been opened.
- (iii) the Consultant to the issue shall verify implementation status of the project, as disclosed in the prospectus, by obtaining a report from an independent valuer; and
- (iv) The Issuer shall submit, progress report on implementation of the project on quarterly basis till commencement of the commercial production or operations of the project, to the Commission for information and the securities exchange for public dissemination.

CHAPTER IV

Offer of shares through fixed price method

6. Conditions for public offer of shares through fixed price method.- In addition to the conditions as mentioned at regulation 5 above, an Issuer shall comply with the following conditions, namely,-

- (1) The Issuer shall decide the offer price in consultation with the Consultant to the Issue. The explanations given by the Consultant to the Issue in support of the offer price set by the Issuer shall be provided under a separate section titled as

“Valuation Section” of the prospectus.

- (2) The public offer under the fixed price method shall be fully underwritten.
- (3) An issuer shall issue shares to the general public at the price not higher than the price at which the shares were issued to investor during the period of six months prior to the date of public subscription.
- (4) After approval of the prospectus by the Commission, the Consultant to the Issue shall seek from the securities exchange the dates for the publication of prospectus and the subscription period.
- (5) Non-compliance with any of the condition imposed by the securities exchange and the Commission while granting approval for issuance, circulation and publication of the prospectus shall be considered as violation of the prospectus and the Act.
- (6) Consultant to the Issue shall immediately place a copy of the approved Prospectus on its website and the websites of the Issuer and the securities exchange after inserting dates of the subscription period.
- (7) The prospectus shall be issued, circulated and published not less than seven days and not more than thirty days before the commencement of the subscription period for the retail portion of the Issue.
- (8) The prospectus or abridged prospectus, as approved by the Commission shall be published in at least one English and one Urdu Newspaper.
- (9) The general public shall submit application for the subscription of shares to the Banker to an Issue either in physical form or electronically. The application shall be duly accompanied by a crossed cheque or demand draft or pay order in the name of the Issuer or evidence of direct debit of subscription money from the applicant's bank account or blocking of the subscription money in the applicant's bank account.
- (10) Within 7 days of the close of public subscription period or such shorter period of time as may be specified by the Commission from time to time, the shares shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/ refunded.
- (11) The Issuer, the Consultant to the Issue and the Underwriter shall maintain record of the issue for a period of at least ten years from the closing of the public subscription.

CHAPTER V

Public Offer of shares through book building method

7. Conditions for offer of shares through Book Building: In addition to the conditions as mentioned at regulation 5 above, the Issuer shall comply with the following conditions, namely:

- (1) The offer Size is not less than twenty five million shares and two hundred fifty million rupees or such higher number of shares and amount as may be specified

by the Commission from time to time;

- (2) The company whose shares are issued through Book Building shall not be provisionally listed.
- (3) Maximum seventy-five percent of the offer size is allocated to book building portion and the remaining minimum twenty-five percent to the retail investors. The retail portion of the public offer shall be fully underwritten.

Provided that in case retail portion of the offer size is oversubscribed, the portion allocated to book building investors at strike price shall be allotted to the retail investors in the manner given below:

#	Times retail portion oversubscribed	Percentage of the offer size to be allotted to retail investors out of book building portion on proportionate basis
1	10 to 20 times	10%
2	21 to 30 times	15%
3	31 times or more	30%

Provided further that the Commission may allow undertaking of book building process and subscription by retail investors simultaneously, subject to the condition that the Consultant to the Issue, the Book Builder and the Issuer shall satisfy the Commission that the necessary arrangements in terms of IT infrastructure, underwriting for the retail portion, distribution network, etc are in place for simultaneously undertaking book building and retail subscription;

- (4) The bidders may be allowed to place bids for hundred percent of the offer size and the strike price shall be the price at which the hundred percent of the offer size is subscribed. However, the successful bidders would be allotted and issued only seventy-five percent of the offer size and the remaining twenty five percent would be offered to the retail investors. The bidders shall give an undertaking along with the application that they would subscribe to the unsubscribed shares, if any, by the retail investors and their remaining bid money would remain deposited/ blocked till allotment of unsubscribed shares by the retail investors, if any, to them on pro-rata basis. In case the retail portion is fully subscribed, the bid money shall be immediately refunded or unblocked. In this case, the retail portion may not be underwritten.
- (5) The Book Building Portion may comprise of hundred percent of offer size without any offer to retail investor provided that shares offered through 100% book building shall only be traded among institutional investors and high net worth individuals on a special board other than the main ready board of the securities exchange. The Commission may impose any other conditions on case to case basis.
- (6) Book building portion shall be underwritten by one or more book runners.

- (7) The Issuer and the Consultant to the Issue shall provide names and Unique Identification Numbers of all their associates, if any, to the Book Runner; at least three working days before the commencement of the Bidding Period. The book runner shall enter the names and UIN number of associates of the Issuer, the associates of the Consultant to the Issue and its associates, if any in the book building system in order to ensure compliance with these regulations.
- (8) The associates of the Issuer as disclosed in the prospectus shall not in aggregate make bids for shares in excess of five per cent of the Book Building Portion;
- (9) The associates of the Consultant to the Issue and the Book Runner shall not in aggregate make bids for shares in excess of two per cent of the Book Building Portion;
- (10) The consultant to the issue shall ensure that the issuer has entered into a tripartite agreement in writing with the Designated Institution and the Book Runner. The said agreement shall specify inter-alia, the rights, privileges, duties, responsibilities and obligations of each party to the agreement and shall provide a clause on dispute resolution mechanism among the parties to the agreement.
- (11) The Issuer, the Consultant to the Issue, the Book Runner, the Underwriter and the Designated Institution shall maintain record of the issue for a period of at least ten years from the closing of the public subscription.

8. Procedure for public offer of shares through Book Building.- The following procedure shall be adopted for book building process:

- (1) The Issuer shall decide the Floor Price in consultation with the Consultant to the Issue. The Floor Price and its determination shall be disclosed under a separate section titled as “Valuation Section” in the prospectus containing the justifications given by the Consultant to the Issue in support of the Floor Price set by the Issuer.
- (2) After approval of the prospectus by the Commission, the Consultant to the Issue shall seek from the securities exchange the dates for the publication of prospectus and the Bidding Period.
- (3) Non-compliance with any of the condition imposed by the securities exchange and the Commission while granting approval for issue, circulation and publication of the prospectus shall be considered as violation of the prospectus and the Act.
- (4) The prospectus and abridged prospectus as approved by the Commission shall be published in at least one English and one Urdu Newspaper.
- (5) The prospectus shall be issued, circulated and published not less than seven days and not more than thirty days before the commencement of the subscription period for the retail portion of the Issue.
- (6) Consultant to the Issue shall immediately place copy of the approved Prospectus on its website and the websites of the Book Runner, the Designated Institution, the Issuer and the securities exchange after inserting dates of the Bidding Period.
- (7) The bidding shall be conducted electronically through the System in a fair,

efficient and transparent manner.

- (8) Floor Price shall not be revised upward once the Prospectus has been approved.
- (9) The registration of bidders by the Book Runner shall commence at least three working days before the start of the bidding period and shall remain open till 03:00 pm on the last date of the bidding period.
- (10) The Book Runner shall at least establish bid collection centers in Islamabad, all the provincial capitals, Azad Kashmir and Gilgit/ Baltistan. The Book Runner may also designate any of the Bankers to an Issue as its collection agent.
- (11) The Book Runner shall provide a mechanism for registration of the bidders at the bid collection centers and collection agents.
- (12) The Book Runner shall make all necessary arrangements for receiving bids and the instruments evidencing payment of the bid money
- (13) The Book Runner shall put in place a mechanism to enter details including the maximum Bid amount of the Bidders into the System
- (14) Once details of the bidders are entered into the System, the Designated Institution shall assign and communicate password and user ID to the bidders enabling them to directly place the bid and revise the bid upward only, if required.
- (15) The bidding shall remain open for at least two consecutive working days.
- (16) The Book Building process shall be considered as cancelled if the Issuer does not receive bids for the number of shares allocated under the Book Building Portion and the same shall be immediately intimated by the Book Runner and Consultant to the Issue to the Commission, the securities exchange, the Designated Institution and the bankers to an issue. All the Bankers to an Issue shall be advised by the book runner for refund/ unblocking of the Bid Money of the bidders. The margin money shall be unblocked/ refunded to the bidders, where required, immediately but not later than three working days of the closing of the Bidding Period;
- (17) The Book Building process shall be considered as cancelled if the total number of bids received is less than forty; and
- (18) The Book-Runner shall ensure that subscription money received against the bids accepted shall not be released to the Issuer by the Banker to the Book Building Portion until:
 - (i) credit or dispatch of all shares allocated under the retail portion of the issue; and
 - (ii) issuance of NOC by the securities exchange in case the company is already listed or formal trading of the company in case of new listing.

9. Procedure for bidding.— The following procedure shall be followed for bidding:

- (1) Bids can be placed at a 'Limit Price' or a 'Step Bid' either electronically or with

the bid collection centers and collection agent.

Provided that the minimum size of a limit bid and that of any step, in case of a Step Bid, shall not be less than one million rupees;

- (2) The book runner shall vet the bid applications and accept only such bid applications that are duly filled in and supported by a crossed cheque or demand draft or pay order or confirmation from the Banker to an Issue that Bid Money has been electronically debited from the bidder account or is blocked in the bidder account;
- (3) In case of institutional investors, the book runner may accept bid applications with minimum 25% margin money.

Provided that the book runner may waive this margin requirement for institutional investors subject to confirmation from their respective banks or custodian banks (in case of foreign institutional investors) that an amount equivalent to the bid money is available in the respective bank or custodian account and would be paid directly to the book runner on its request and confirmation of allocation of shares;

- (4) On receipt of bid application, the Book Runner shall enter the Bid into the System and issue to the bidder an electronic receipt bearing name of the book runner, name of the bidding center, date and time;
- (5) The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. on all days of the Bidding Period. The bids shall be collected and entered into the system by the Book-Runner till 05:00 p.m. on the last day of the bidding period;
- (6) The bidders can revise the bids upward till 05:00 p.m. on the last day of the Bidding Period;
- (7) The Book Runner may reject any bid application for reasons to be recorded in writing provided the reason of rejection is disclosed to such bidder. Decision of the Book Runner shall not be challengeable by the bidder.
- (8) The Designated Institution shall through the System display live throughout the bidding period an order book in descending order showing demand for shares at various prices and the accumulated number of shares bid for along with percentage of the total shares offered. The order book should also show the revised bids. The order book shall be accessible through websites of the Designated Institution, Book Runner, the Consultant to the Issue, securities exchange, clearing house and the central depository;
- (9) At the close of the bidding period, Strike Price shall be determined on the basis of Dutch Auction Method by the Designated Institution;
- (10) The bidders who have made bids at prices above the Strike Price shall be allotted shares at the Strike Price;
- (11) In case the bids received are sufficient to allot the total number of shares offered for sale under the Book Building Portion, the allotment shall be made on the basis of highest bid priority that is the bid made at the highest price shall be considered first for allotment of shares.

- (12) In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares will be allotted against the bids made at the Strike Price strictly on time priority basis.
- (13) The bidders who have made bids below the Strike Price shall not qualify for allotment of securities and the book runner shall intimate their respective banks for unblocking their Bid Money within one working day of the close of the bidding period;
- (14) Within one day of the closing of the bidding period, successful bidders shall be intimated the Strike Price and the number of shares provisionally allotted to each of them;
- (15) The bid money of bidders who have undertaken to subscribe the unsubscribed retail portion shall remain deposited or blocked till allotment of unsubscribed retail portion, if any, to them on pro-rata basis; and
- (16) The successful bidders shall be issued securities only after the end of the public subscription, in the form of book-entry to be credited in their respective accounts. All the bidders shall, therefore, provide number of their accounts in the bid application; and
- (17) The Designated Institution shall continue to display on its website, the data pertaining to the Book Building and determination of the Strike Price for a period of at least three working days after closure of the bidding period.

10. Restrictions: (1) The bidding period shall not be extended except in extraordinary circumstances like closure of banks, failure of System, etc. In such case, Book Runner shall apply to the Commission for extension in the Bidding Period after obtaining NOC from securities exchange. In case extension is granted, the same shall be disseminated through publication in all those newspapers where the prospectus was published and the website of the issuer, consultant to the issue, book runner, the designated institution and the securities exchange.

- (2) The bidder shall not make –
 - (i) bid below the Floor Price;
 - (ii) a bid for more than 10% of the shares allocated under the Book Building Portion;
 - (iii) subject to the provision of clause (i) above, a bid with price variation of more than 10% of the prevailing indicative strike price or such other percentage as may be specified by the Commission;
 - (iv) a consolidated bid;
 - (v) More than one bid either severally or jointly; or
 - (vi) downward revision or withdraw the bid.

(3) No person shall take part in the book building process, directly or indirectly severally or jointly in any manner or engage in any act or practice which create a false and misleading appearance of active bidding for raising or depressing strike price in the book building process.

11. Procedure for allocation of shares to retail investors.— The following procedure shall be followed for allocation of shares to retail investors:

- (1) Within three working days of the closing of the Bidding Period, the Consultant to the Issue shall publish all supplement to the prospectus in those newspapers in which the prospectus was earlier published and also disseminate the same to the securities exchange, banker to an issue and underwriter.

Explanation: - For the purposes of this clause the expression supplement to the prospectus means information relating to the Strike Price, the Offer Price, names of the underwriters of the retail portion of the Issue if any, underwriting commission bifurcating as take up commission or any other, commitment by the successful bidders for subscribing the undersubscribed retail portion in case of hundred percent book building, category wise breakup of the successful bidders along with number of shares allocated to them, dates of public subscription and such other information as specified by the Commission.

- (2) The issuer may offer the shares to the retail investors at a certain discount to the strike price.
- (3) The general public shall submit application for the subscription of shares to the Banker to an Issue either in physical form or electronically. The application shall be duly accompanied by a crossed cheque or demand draft or pay order in the name of the Issuer or evidence of direct debit of subscription money from the applicant's bank account or blocking of the subscription money in the applicant's bank account.
- (4) Within 10 days of the close of public subscription period or such shorter period of time as may be specified by the Commission from time to time, the shares shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/refunded.
- (5) In case retail portion of the issue, if any, remains unsubscribed, the unsubscribed shares shall either be taken up by the underwriters or allotted to successful bidders at the strike price determined in the book building process on pro-rata basis.

CHAPTER VI

Offer for sale of shares by an Offeror

12. Offer for sale of shares by the Offeror.— (1) A person or group of persons, holding more than ten per cent shares of a listed company or listed body corporate, may offer such shares for sale to the public subject to the conditions that the offer size of capital to the public shall not be less than one hundred million rupees.

Explanation. - For the purpose of this clause, the term, “offer size ” means the product of the offer price and the number of shares being offered;

(2) In case of offer for sale of shares of an unlisted company or unlisted body corporate, the size of the offer of capital to be offered to the public shall be in accordance with these Regulations and regulations of the securities exchange;

CHAPTER VII

PUBLIC OFFER OF DEBT SECURITIES

13. General Conditions for public offer of Debt Securities. - An issuer may make a public offer of debt security under section 87 and 88 of the Act, if it fulfills the following conditions, namely:-

- (1) It is authorized by its Memorandum and Articles of Association to issue debt securities;
- (2) In case of debt securities, other than Commercial Paper and Sukuk, it has appointed debt securities trustee licensed by the Commission;
- (3) It has obtained rating of the debt security from a credit rating company licensed by the Commission and the rating shall not be more than six months old. The minimum rating shall be A2 (short term) in case of short term debt securities (instruments with tenor of up to one year) and BBB+ (long term)/ A2 (short term) in case of long term debt securities (instruments with tenor exceeding one year) ;

Provided that in case of short term debt securities (instruments with tenor of up to one year), the condition of instrument rating may be waived, if the issuer has obtained entity rating and such rating is not less than "A-" (long term)/ "A2" (short term) and not more than six months old.

- (4) The public offer for debt securities shall be fully underwritten, except in case of issuance of Sukuk, where underwriting may not be required in the following conditions:
 - i. The issue is made for the repayment of debt;
 - ii. Utilization of the proceeds of the issue is solely for meeting the working capital requirement; and
 - iii. The issuer has alternative funding arrangements in place for meeting short fall, if any, in the event of undersubscription of the issue.
- (5) The long term debt securities shall not be restructured or rescheduled unless approval of two third of the debt securities holders in value for the time being outstanding is obtained;
- (6) It shall report profit payment and redemption status of the securities on semiannual basis to the Commission, securities exchange, debt securities trustee, investment agent, and issuing and paying agent, till complete redemption of the issue.
- (7) In case of Shariah compliant debt securities including Sukuk, the following conditions shall also be complied with:
 - (i) The issuer has appointed Investment Agent through an investment

agency agreement which contains at least roles and responsibilities of both parties to the agreement, dispute resolution mechanism and such other clauses as specified by the Commission from time to time;

- (ii) The investment agent shall endeavor that assets are transferred to Sukuk holders through an SPV.
- (iii) In case the Sukuk is issued without establishment of SPV then Shariah Advisor should give reasons referring to Shariah principles for allowing issuance of Sukuk without establishment of an SPV and what additional measures have been taken for the protection of assets of Sukuk issue and protection of rights of Sukuk holders
- (iv) The Investment Agent shall not be associate of the issuer;
- (v) The issuer may arrange appropriate security, where required, in the form and manner acceptable to the Investment Agent;
- (vi) The Issuer has appointed a Shariah Advisor, through agreement in writing. The agreement beside other things must clearly define roles and responsibilities of the Shariah Advisor;
- (vii) The Shariah Advisor shall remain appointed throughout the tenor of the Issue and replacement or change of the Shariah Advisor shall be reported along with reason to the Commission, the securities exchange, the Investment Agent and all the Shariah compliant debt securities holders within fifteen days of the replacement.
- (viii) The Issuer has obtained a Shariah Certificate from the Shariah Advisor which must contain at least such information and certification and in the form and manner as notified by the Commission from time to time including the following:
 - a. why the structure is free from riba, and how it is different from a comparable conventional structure based on lending money at interest;
 - b. whether and to what extent the return to Sukuk holders is attributable to the underlying assets;
 - c. whether and to what extent the ownership of underlying assets, belongs to the Sukuk holders;
 - d. whether and to what extent agreements and undertakings, separately and collectively, are consistent with the concerned Shariah principles; and
 - e. exceptions, reservations, and qualifications regarding Shariah compliance, if any, and details thereof.

Provided that the consultant to the issue shall ensure that the Issuer has provided all related documents, contracts, ,access to all books, accounts, transaction documents and information required by the Shariah Advisor for issuance of the said certificate.

- (ix) The Issuer shall at all times during the tenor of the issue ensure that its principal business is not against the Shariah principles.
- (x) The Issuer shall not embed any options except in the case of convertible or exchangeable Shariah compliant securities;
- (xi) The Issuer shall ensure that proceeds of the Issue are utilized in the form and manner as disclosed in the Prospectus.
- (xii) Where Shariah compliant debt securities are convertible or exchangeable into ordinary shares of the issuer, the option of conversion or exchange, as the case may be, shall be at the discretion of the investors and the underlying ordinary shares shall be listed at the time of the offer of such debt securities. The compliance of features and Shariah requirements of Sukuk shall be audited on annual basis.
- (xiii) The Shariah audit report shall be made part of the annual financial report of the issuer.
- (xiv) The Shariah audit fee shall be disclosed in the audited financial statements of the issuer.
- (xv) Any other condition as may be specified by the Commission from time to time.

14. Conditions for Public Offering of short term debt securities.— An issuer may make public offer of short term debt securities in the form of Commercial Paper only subject to compliance with the following conditions, namely:-

- (1) The equity of the Issuer is not less than Rs. 50 million as per its latest audited financial statements.
- (2) The commercial paper shall be issued for maturities between thirty days and one year and the date of maturity shall be calculated from the first day of subscription. Where the maturity date happens to be a holiday, the payment shall be made on the immediate following working day.
- (3) The Commercial Paper shall be issued in denomination of Rs. 10,000 or multiples thereof.
- (4) The aggregate amount of a Commercial Paper shall be within such limits as may be approved by its Board of Directors, provided the total liabilities of the issuer after the issue of such Commercial Paper do not exceed four times of the issuer's equity.
- (5) The commercial paper shall be issued at discount to face value.
- (6) The commercial paper shall not be rolled over or restructured or rescheduled.
- (7) The Issuer shall appoint an Issuing and Paying Agent through an agreement in writing. The agreement shall contain all the basic terms and conditions, and role and responsibilities of both the parties to the agreement.
- (8) The Issuing and Paying Agent appointed shall not be associate of the issuer.

- (9) On maturity, the holder shall present the commercial paper for payment to the Issuing and Paying Agent who, having received funds from the Issuer, shall effect repayment through crossed cheque, pay order, demand draft or direct credit in the holders respective account.
- (10) Commercial Paper may be redeemed before maturity under a call option and an investor may ask the Issuer for early redemption under a put option subject to the condition that such options are provided in the offering document.

15. Conditions for issue of convertible debt securities.— An issuer may make a public offer of a convertible debt security under the first proviso to sub-section (1) of section 86 of the Ordinance subject to the following conditions, namely:

- (1) the Issuer is authorized by its Memorandum and Articles of Association to issue convertible securities;
- (2) the Issuer has obtained approval of the Commission under the first proviso to sub-section (1) of section 86 of the Ordinance;
- (3) The conversion ratio or mechanism is disclosed in the prospectus; and
- (4) The mechanism for resolution of dispute if arises at the time of conversion is provided in the prospectus.

CHAPTER VIII

MISCELLANEOUS

16. Post Issue Reporting and Disclosures. The issuer upon completion of public offering of securities shall,

- (i) report detailed break-up of the utilization of the proceeds of the issue in its post issue quarterly/half-yearly and annual accounts for three years; and
- (ii) submit a quarterly report providing the status of the commitments mentioned in the prospectus and conditions imposed at the time of granting approval of the prospectus, for at least three years to the securities exchange and the Commission.

CHAPTER IX

Functions and responsibilities

17. General responsibilities of the Consultant to the Issue, Book Runner, Underwriter, Banker to an Issue and Issuing and Paying Agent: The Consultant to the Issue, Book Runner, Underwriter, Banker to an Issue and Issuing and Paying Agent shall –

- (1) make all efforts to protect the interests of investors.
- (2) maintain high standards of integrity, dignity and fairness in the conduct of its business.
- (3) fulfill its obligations in a prompt, ethical, and professional manner.
- (4) at all times exercise due diligence, ensure proper care and exercise independent

professional judgment.

- (5) endeavor to ensure that inquiries and complaints from investors are dealt with in a timely and appropriate manner;
- (6) avoid conflict of interest and make appropriate disclosure to the customers of their possible source or potential areas of conflict of duties and interest which would impair their ability to render fair, objective and unbiased services;
- (7) ensure that they have made the reporting lines and compensation arrangements for their employees in a way to eliminate or effectively manage actual and potential conflicts of interest;
- (8) ensure that their directors and employees shall not directly or indirectly indulge in any insider trading or other market abuses;
- (9) have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, its customers, investors and other regulated persons from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions;
- (10) be responsible for the acts or omissions of its employees in respect of the conduct of its business;
- (11) frame policies and procedures to ensure compliance with the requirements of these Regulations by its employees;
- (12) ensure that communications with the securities exchange and the Commission are kept confidential, except as required to be disclosed to the customers;
- (13) render only such services as agreed in writing with their customer and are not prohibited under these Regulations and any other applicable law;
- (14) Maintain a functional website containing all public information about the issue and mechanism for handling of complaints;
- (15) inculcate a culture of compliance of the regulatory requirements through ongoing education and training of their employees.
- (16) ensure that internal control policy is widely disseminated for compliance by all employees and is reviewed for appropriateness and sufficiency by the competent authority at least once every year;
- (17) promptly investigate, in the event of a breach of policies, procedures, controls or misconduct, and take appropriate steps to rectify the weaknesses, if any, to prevent recurrence of such breach;
- (18) Employ sufficient human resource which is adequately trained to efficiently perform its functions;
- (19) Submit any document, report or information as and when required by the Commission;
- (20) ensure that annual review, for appropriateness and sufficiency, of the internal control system is carried out by the internal audit department, which reports

directly to the board of directors or its audit committee.

- (21) ensure that any change in license status, any penal action against it or any material change in its financial and operating position which may have adverse effect on the interest of the Issuer, or investors is promptly notified to the Issuer, the offeror, the Commission and the securities exchange;
- (22) ensure that all information provided to the securities exchange and Commission is true, accurate and no material fact is omitted or suppressed; and
- (23) in case of consultant to the issue give, directly or indirectly, any investment advice about any security in the media unless a disclosure of its interest in the said security is made, while giving such advice.

18. Functions of the Consultant to the Issue.— The Consultant to the Issue shall perform the following functions, namely:-

- (1) preparation of prospectus, and related documents and ensuring that the same are prepared in accordance with the requirements of the applicable laws including section 89 of the Act, these Regulations, regulations of the securities exchange and other applicable regulatory framework;
- (2) before submitting the application to the securities exchange under section 19 of the Act, the Consultant to the Issue shall examine the proposed issue from various aspects including eligibility requirements and suitability of the Issuer or security for listing considering the interest of general public and its benefits to the capital market.

Explanation: The term suitability with regard to listing includes assessing various risks involved such as sector risk, operational risk, legal risk, etc., track record of sponsors, quality and capability of the management, past financial performance of the Issuer, future strategies of the Issuer, dividend payout history, financial projections, financial viability, dividend policy, etc.

- (3) give justifications in support of the offer/ Floor Price set by the Issuer under a separate section titled as “Valuation section ” in the prospectus.
- (4) assist in the execution of agreements of the issuer with underwriters, bankers to an issue, book runner, Designated Institution, debt security trustee, issuing and paying agent ,balloter and transfer agent and investment agent;
- (5) on behalf of the Issuer, seeking the approval of the securities exchange under section 19 of the Act and Commission under section 87 and 88 of the Act;
- (6) preparation and publication of prospectus and advertisements with regard to public issue;
- (7) ensure that the public offering including book building is carried out in accordance with the prospectus and requirement of these Regulations and the Act;
- (8) preparation and submission of final report on the issue to the Commission;
- (9) comply with all the applicable directives and orders issued by the Commission; and

- (10) any other related function as may be specified by the Commission from time to time.

19. Responsibilities of the Consultants to the Issue.— (1) The Consultants to the Issue shall.-

- (i) ensure that, after having made due and careful enquiry, they have reasonable grounds to believe that-
- (a) the application submitted to the securities exchange under section 19 of the Act and the prospectus submitted to the Commission under section 87 and 88 of the Act meets the relevant requirements of the Act, these Regulations, regulations of the securities exchange and other applicable regulatory framework; and
 - (b) the documents, reports, statements and information submitted along with the aforesaid application and prospectus are not false or misleading and do not contain any material omission;
- (ii) ensure that adequate disclosures are made to the investors in a timely manner so as to enable them to make a balanced and informed decision.
- (iii) endeavor to ensure that the investors are provided with true and adequate information without making any misleading or exaggerated claims or any misrepresentation and are made aware of the associated risks before taking any investment decision.
- (iv) obtain from their employees an undertaking stating therein that they will not misuse their position of having access to non-public information, if any, relating to the issue for their personal benefit or for the benefit of any other person who does not have or is not authorized to have access to such information;
- (v) actively participate in preparation of the prospectus and ensure that all material facts, including all potential risks, as required under the law are disclosed therein and that the Issuer is compliant with all the laws applicable to the issue of securities;
- (vi) remain associated with the issue till its completion i.e. dispatch and credit of securities, submission of final report to the securities exchange and Commission, resolution of the issue related complaints, if any, and implementation of final decision of the Commission on application rejected, if any.
- (vii) ensure that they understand the nature of business of their customer.
- (viii) ensure that their customer is fully briefed on its obligations and potential liabilities pertaining to its application and supporting documents including the prospectus, in relation to the requirements stipulated by the Commission.
- (ix) ensure that their customer has been made aware of the need for it to extend its full cooperation in the provision and verification of information for the purposes of the assignment;
- (x) withdraw from the assignment in case their customer fails or refuses to address

its concerns about the issue or any related information provided to it.

- (2) The Consultants to the Issue shall not-
 - (i) make any false statement, whether oral or written, either about their qualifications or capability to render services or their achievements with regard to services rendered to their potential customers;
 - (ii) make unsubstantiated claims or statements, in order to acquire business from the customer, about qualifications of their professional staff or their capability to render certain services or their achievements concerning the consultancy services rendered by them;
 - (iii) submit any document or report to the Commission that contains any untrue or false statement, or any material fact omitted therefrom;
 - (iv) agree to manage or be associated with any issue as consultant unless its responsibilities relating to the issue are clearly determined through an agreement in writing; and
 - (v) be a party to or instrumental for -
 - (a) creation of false market;
 - (b) price rigging or manipulation or;
 - (c) Conveying of non-public price sensitive information in respect of securities proposed to be listed in securities exchange to any person.

20. Responsibilities of the book runner.— The Book Runner shall be responsible to:

- (1) ensure that necessary infrastructure and electronic system is available to accept bids and to conduct the whole Book Building process in a fair, efficient and transparent manner;
- (2) ensure blocking of bid and margin money of the Bidders in their respective accounts;
- (3) the Book Runner must be financially capable for honoring its commitments arising out of defaults by their investors, if any;
- (4) use the software provided by the Designated Institution for the Book Building on such terms and conditions as may be agreed through an agreement in writing
- (5) ensure that the software used for Book Building is based on Dutch Auction Method for display of the order book and determination of the strike price;
- (6) ensure that the bidders can access to the System and can revise their bids electronically using the user ID and the password;
- (7) underwrite the Book Building Portion;
- (8) ensure that it has obtained list and Unique Identification Numbers of the associates of the Issuer and the consultant to the issue;

- (9) ensure that names and Unique Identification Numbers of all the persons mentioned above are entered and capped in a manner as prescribed in these Regulations before commencement of the Bidding Period;
- (10) ensure that it blocked all Unique Identification Numbers and names of all related employees for participation in the bidding; and

21. Responsibilities of Banker to an Issue: – The Banker to an Issue shall.-

- (1) ensure that information related to the subscription of the issue is provided to the Issuer, within the time period and in the form and manner as disclosed in the prospectus or as required under the agreement executed with the them;
- (2) in case of Application Supported by Blocked Amount, on receipt of the application, immediately block the bid money or subscription money in respective account of the bidder or the subscriber;
- (3) Upon receipt of information from the book runner and balloter and share registrar, immediately unblock the bid money or subscription money of the unsuccessful bidders or subscribers;
- (4) Immediately inform the Commission regarding any penal action, legal proceedings initiated against it by the State Bank of Pakistan;
- (5) not accept applications for subscription of securities and subscription money thereof after closing of the subscription period.

22. Responsibilities of underwriter.– (1) An underwriter shall, -

- (i) obtain from its relevant employees, an undertaking stating therein that they will not misuse their position of having access to the non-public information, if any, relating to the Issue being underwritten for their personal benefit or for the benefits of any other person who does not have or is not authorized to have access to such information;
 - (ii) ascertain before entering into an underwriting agreement that the regulatory requirement, if any, relating to the exposure limits on investment in securities are not breached in case it is called upon to fulfill its commitment of subscribing the unsubscribed portion of an Issue pursuant to the underwriting agreement;
 - (iii) in the event of being called upon to subscribe to the securities underwritten pursuant to an agreement, subscribe such securities within such time as specified in the agreement but it shall not exceed fifteen days starting from the date of Issue of such intimation, notice, invitation by the Issuer;
 - (iv) sell the securities subscribed pursuant to the underwriting agreement in the secondary market or to persons other than the directors, sponsors and associates of the Issuer;
 - (v) Publish its entity credit rating in its periodic financial reports, and each advertisement and brochure, if any, in relation to promotion of its business;
- (2) The underwriter **shall not**, -
- (i) enter into any buy-back or repurchase arrangement with the Issuer or any other

person with respect to the securities underwritten by it;

- (ii) derive any undue benefits directly or indirectly, from any underwriting transaction other than the commission payable to it under the underwriting agreement;
- (iii) make any oral or written statement, which would misrepresent its underwriting commitment;
- (iv) give, directly or indirectly, any investment advice about any security in the media unless a disclosure of its interest in the said security is made, while giving such advice;
- (v) willfully make false statement or conceal any material fact in any document, report or paper furnished to the Commission;
- (vi) participate itself or through its associates for the subscription of shares out of retail portion of an issue which is underwritten by it;
- (vii) be party to or instrumental for creation of false market;
- (viii) be party to or instrumental for price rigging or manipulation;
- (ix) be party to or instrumental for passing of unpublished price sensitive information in respect of securities which are listed or proposed to be listed on the securities exchange to any person or intermediary;
- (x) undertake underwritings commitments exceeding four times of its equity (excluding unrealized gains and revaluation surplus) as per its latest audited financial statements at any time. Provided that any subsequent agreement by the underwriter to the issue with other underwriters may be excluded while arriving at exposure limit of an underwriter in respect of its commitment.

23. Responsibilities of Issuing and Paying Agent.— The issuing and Paying Agent shall,-

- (1) enter into an agreement in writing with the Issuer to act as Issuing and Paying Agent for the issue;
- (2) ensure that the conditions laid down for the issuance of debt securities are strictly adhered to;
- (3) ensure that the Issuer has the minimum credit rating as specified in these Regulations;
- (4) ensure that the Issuer has met all the requirements as prescribed in these Regulations before the issuance of debt securities;
- (5) obtain copies of all the investor agreements i.e. the agreements executed with the initial subscribers and the said agreements contain salient features and other terms and conditions of the issue including the following,-
 - (i) covenants of the issue of debt securities;

- (ii) non availability of any recourse to the initial subscribers on the Issuer and Issuing and Paying Agent and to the subsequent purchasers on the sellers in the secondary market;
 - (iii) non availability of any guarantee by any bank or other financial institution;
 - (iv) default history of the Issuer including rescheduling/restructuring of loan for the last 5 years; and
- (6) verify all the documents submitted by the Issuer i.e. copy of Board's resolution etc. and have in custody certified copies of the original document and issue a certificate that documents are in order;
 - (7) Place specimen of the investors' agreement between the Issuer and the subscribers containing minimum terms and conditions on its website.
 - (8) on the issue date, deliver debt securities to investors against proof of payment and at maturity, after receiving funds from the Issuer, effect repayment on receipt of the debt security from the investors;
 - (9) make it clear to the initial subscribers in the investor agreement and the general public in the prospectus that their investment is subject to credit and other risks inherent in such instruments and payment would be made to them after the Issuer has made the funds available to Issuing and Paying Agent;
 - (10) inform the initial subscribers that in case of any default by the Issuer, it will not be in a position to seek recovery from the Issuer or initiate any action against the Issuer either on its own or on behalf of the investors;
 - (11) in case of any default by the Issuer, be responsible for the immediate notification of such default to the holders of the debt security and the Commission

Explanation.— For the purpose of these Regulations the term “default” shall include partial payment of redemption amount instead of full amount.

- (12) in case of partial payment by the Issuer, distribute the received funds, among all the holders of the debt securities, on pro-rata basis and while doing so it shall take all necessary measures to safeguard its position against any adverse consequences including incorporation of this provision in the agreement executed between the Issuer and the Issuing and Paying Agent;
- (13) submit a report on the issue to the Commission within fifteen days from the last date for closing of the subscription of the debt security and the report shall contain all the material facts and figures relating to the issue including those as required under these Regulations to be reported to the Commission; and
- (14) obtain from the concerned depository company list of debt security holders on monthly basis.

24. Responsibilities of Designated Institution in case of book building.— (1) The Designated Institution in case of book building system shall perform following functions namely;

- (i) record name, Unique Identification Number (UIN), National Tax Number (NTN), postal and email addresses, land line and cell numbers, bank account Number and branch address and Investor Account Number or Sub-Account Number of the bidder with participant account number;
- (ii) provide a mechanism for registration of the bidders before commencement of the bidding period till 03:00 p.m. on the last day of the Bidding Period and require the investors to provide at least such information as mentioned in para (i) above;
- (iii) generate bidders' Internet Protocol (IPs) address and keep record of all IP addresses from where the bids are placed;
- (iv) record the number of shares bid for, the Bid Price, type of the bid i.e. Limit Bid or Step Bid, date and time of the entry of the bid;
- (v) display the bids revised, and date and time of upward revision;
- (vi) not accept the bids placed at a Bid Price that is below the Floor Price;
- (vii) display live the total number of shares offered for sale, the Floor Price, total number of bids received, total number of shares bid for and indicative Strike Price;
- (viii) build an order book showing demand for the shares at various price levels in a descending order along with the accumulated number of shares bid for and percentage of total shares offered under the Book Building Portion;
- (ix) discover the strike price at the close of the Bidding Period;
- (x) generate alerts for the Bidders via Short Message Service through cell phones and emails upon entry of the bid, at the time of upward revision of the bid, and upon discovery of the strike price; and
- (xi) ensure that system must provide the bidders the option to upward revise their bids online or through the Book Runner during the period permitted under these Regulations;

(2) The Designated Institution shall ensure that:

- (i) identity of the bidder is not displayed; and
- (ii) no bid is entered into the System after closing of the Bidding Period;

25. Repeal and Savings (1) The following shall stand repealed;

- (i) Book Building Regulations, 2015
- (ii) Guidelines for issuance of Prospectus, 2002
- (iii) Guidelines for Issuance of Term Finance Certificates To The General Public, 2002

(2) Save as otherwise specifically provided, nothing in these Regulations shall affect or be deemed to affect anything done, action taken, registration granted, investigation or

proceedings commenced, order issued, relaxation granted unless withdrawn, appointment, conveyance, mortgage deed, document or agreement made, fee paid or accrued, resolution passed, direction given, proceedings taken or instrument executed or issued, under the repealed regulations and guidelines and any such thing, action, investigation, proceedings, order, appointment, conveyance, mortgage deed, document, agreement, fee, resolution, direction, proceedings or instrument shall if in force at the coming into force of these Regulations and not inconsistent with any of the provisions of these Regulations, continue to be in force, and have effect as if it were respectively done, taken, commenced, made, directed, passed, given, executed or issued under these Regulations.

SCHEDULES
FIRST SCHEDULE
FORMAT OF THE PROSPECTUS AND REPORTS TO BE SET OUT THERE IN
Section 1
Format of the prospectus

1. Cover Page:

- (i) The following statement should appear on the upper most top in bold capital letters: -

“ADVICE FOR INVESTORS

INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS GIVEN AT PARA --- BEFORE MAKING ANY INVESTMENT DECISION.

SUBMISSION OF FALSE & FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS’ MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.”

- (ii) The following statement should appear in case of offer of shares through book building after the statement mentioned at (i) above:-

“ADVICE FOR INSTITUTIONAL INVESTORS AND HIGH NET WORTH INDIVIDUAL INVESTORS

A SINGLE INVESTOR CANNOT SUBMIT MORE THAN ONE BIDDING APPLICATION EXCEPT IN THE CASE OF UPWARD REVISION OF BID. IF AN INVESTOR SUBMITS MORE THAN ONE BIDDING APPLICATION THEN ALL SUCH APPLICATIONS SHALL BE SUBJECT TO REJECTION.

SUBMISSION OF CONSOLIDATED BIDIS PROHIBITED UNDER THESE REGULATIONS. A BID APPLICATION WHICH IS BENEFICIALLY OWNED (FULLY OR PARTIALLY) BY PERSONS OTHER THAN THE ONE NAMED THEREIN SHALL BE DEEMED TO BE A CONSOLIDATED BID.

PLEASE NOTE THAT A SUPPLEMENT TO THE PROSPECTUS SHALL BE PUBLISHED WITHIN THREE WORKING DAYS OF THE CLOSING OF THE BIDDING PERIOD WHICH SHALL CONTAIN INFORMATION RELATING TO THE STRIKE PRICE, THE OFFER PRICE, NAMES OF THE UNDERWRITERS OF THE RETAIL PORTION OF THE ISSUE IF ANY, UNDERWRITING COMMISSION, BIFURCATING AS TAKE UP COMMISSION OR ANY OTHER, COMMITMENT BY THE SUCCESSFUL BIDDERS FOR SUBSCRIBING THE UNDERSUBSCRIBED RETAIL PORTION IN CASE OF HUNDRED PERCENT BOOK BUILDING, CATEGORY WISE BREAKUP OF THE SUCCESSFUL BIDDERS ALONG WITH NUMBER OF SHARES ALLOCATED TO THEM, DATES OF PUBLIC SUBSCRIPTION AND SUCH OTHER INFORMATION AS SPECIFIED BY THE COMMISSION”

- (iii) Full name of the Issuer along with logo/monogram, if any.
- (iv) In case of offer for sale, full Name of the Offeror and the following statement:

“THIS IS NOT A PROSPECTUS BY [... NAME OF THE ISSUER ...] (THE “COMPANY”) BUT AN OFFER FOR SALE BY THE [... NAME OF THE OFFEROR ...] (THE “OFFEROR”) FOR OFFER FOR SALE OF SHARES HELD IN THE COMPANY.”

- (v) Total issue size i.e. the number of securities to be offered with breakup of pre-IPO preferential allocation, if any; allocation to book building portion, in case of book building; allocation to retail investors; and allocation under the green shoe option, if any. In case of shelf registration, the total approved issue size, the size of the current tranche and the time period of shelf registration.
- (vi) The offer price, the Floor Price, in case of book building.
- (vii) In case of book building, dates for registration of the bidders; dates of bidding i.e the bidding period along with timing.
- (viii) Date(s) of public subscription along with timing in bold letters.
- (ix) Name of the consultants to the issue, the book runner, in case of book building, the bankers to an issue; web link along with timing through which e-application for subscription of securities can be submitted; and names of the underwriters.
- (x) Disclosure regarding availability of Centralized E-PO System and any other additional electronic system offered for Public Subscription.
- (xi) Contact details of at least two relevant persons of the Issuer, and consultants to the issue, well conversant with the issue who could be contacted by the investors, if needed.
- (xii) Website addresses from where the prospectus, application and bidding forms can be downloaded.
- (xii) Date of publication of the prospectus.
- (xiii) Additional information in case of issuance of debt securities:
 - (a) Entity and instrument rating,
 - (b) name of the rating agency;
 - (c) tenor;
 - (d) name of Shariah advisor/Shariah board (in case of issuance of Islamic debt security or such other securities which are claimed to be Shariah compliant); and
 - (e) rate of profit.

2. Inside Cover Page:

- (i) The following undertaking by the Issuer:

“WETHE CHIEF EXECUTIVE OFFICER AND..... CHIEF FINANCIAL OFFICERCERTIFY THAT;

(1) THE PROSPECTUS CONTAINS ALL INFORMATION WITH

REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;

- (2) THE INFORMATION CONTAINED IN THE PROSPECTUS IS TRUE AND CORRECT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF;**
- (3) THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;**
- (4) THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THE PROSPECTUS AS A WHOLE OR ANY PART THEREOF MISLEADING; AND**
- (5) ALL REQUIREMENTS OF THE SECURITIES ACT, 2015; THE DISCLOSURES IN PUBLIC OFFERING REGULATIONS, 2017 FOR PREPARATION OF PROSPECTUS, RELATING TO APPROVAL AND DISCLOSURES HAVE BEEN FULFILLED.”**
- (6) NO CHARGES, FEE, EXPENSES, PAYMENTS ETC. HAVE BEEN COMMITTED TO BE PAID TO ANY PERSON IN RELATION TO THIS PUBLIC OFFERING EXCEPT FOR THOSE AS DISCLOSED IN PART 3 OF THE PROSPECTUS.**

For and on behalf of (... Name of the Issuer...and in case of an offer for sale ... name of the offeror...)

.....Sd-.....

Name of the Chief Executive Officer

.....Sd-.....

Name of the Chief Financial Officer”

- (ii) In case of book building, a supplement to the prospectus as per the following format.

“Supplement to the Prospectus

This Supplement is being published pursuant to Public Offering Regulations 2017 and in continuation of the prospectus of ...(name of the Issuer)... earlier published on MM DD, YYYY.

Name of the Issuer...

- Floor Price
- Strike Price
- Issue Price

Underwriters to the retail portion of the issue if any

S. No.	Names of underwriter	Number of shares underwritten	Amount(Rs. in million)
(i)			
(ii)			

Total			
-------	--	--	--

Underwriting commission (in %age):
Category-wise breakup of successful bidders

S. No.	Category	No. of bidders	Number of shares provisionally allocated
	Institutional Investors:		
	Commercial banks:		
	Development financial institutions		
	Mutual funds:		
	Insurance companies		
	Investment banks:		
	Employees' provident/pension funds		
	Leasing companies:		
	Modarabas:		
	Securities brokers		
	Foreign institutional investors		
	Any other		
	Institutional Investors		
	Individual investors:		
	Foreign investors:		
	Local		
	Individual Investors		

3. **Glossary of Technical Terms:** All the technical terms and abbreviations used in prospectus must be defined in the glossary.
4. **Index:** Index shall appear immediately after the glossary.
5. **Part I: Approvals, Consents and Listing on the Securities Exchange:**
 - (i) **Approval of the Commission:** Detail of approvals obtained from the Commission with respect to the issue. The detail must contain nature of approval, date of approval and relevant law.
 - (ii) The following disclaimer must be given:

“DISCLAIMER:

It must be distinctly understood that in giving this approval, SECP does not take any responsibility for the financial soundness of the Company and any of its schemes stated herein or for the correctness of any of the statements made or opinions expressed with regards to them by the Company in this Prospectus.

SECP has not evaluated quality of the issue and its approval for issue, circulation and publication of the Prospectus should not be construed as

any commitment of the same. The public/investors should conduct their own independent due diligence and analysis regarding the quality of the issue before subscribing.”

(iii) **Approval of the Securities Exchange:** Detail of approvals obtained from the Securities Exchange with respect to the issue. The detail must contain nature of approval, date of approval and relevant law.

(iv) The following disclaimer must be given:

“DISCLAIMER:

(a) **The Securities Exchange has not evaluated the quality of the issue and its clearance should not be construed as any commitment of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the issue before subscribing.**

(b) **The publication of this document does not represent solicitation by the Securities Exchange.**

(c) **The contents of this document does not constitute an invitation to invest in shares or subscribe for any securities or other financial instrument by the Securities Exchange, nor should it or any part of it form the basis of, or be relied upon in any connection with any contract or commitment whatsoever of the Exchange.**

(d) **It is clarified that information in this Prospectus should not be construed as advice on any particular matter by the Securities Exchange and must not be treated as a substitute for specific advice.**

(e) **The Securities Exchange disclaims any liability whatsoever for any loss however arising from or in reliance upon this document to any one, arising from any reason, including, but not limited to, inaccuracies, incompleteness and/or mistakes, for decisions and/or actions taken, based on this document.**

(f) **The Securities Exchange neither takes responsibility for the correctness of contents of this document nor the ability of the Company to fulfill its obligations there under.**

(g) **Advice from a suitably qualified professional should always be sought by investors in relation to any particular investment.”**

(v) Statement on filing of the Prospectus and other documents like experts' reports and contracts mentioned in the Prospectus, with the registrar of companies.

(vi) Statement about making of application to the stock exchange for listing of the Issuer, in case of unlisted entity.

6. Part II-A: Valuation Section

Justifications given by the Consultant to the Issue in support of the Offer/ Floor Price set by the Issuer, by taking into account various aspects including eligibility

requirements and suitability of the Issuer or security for listing considering the interest of general public and its benefits to the capital market.

Explanation: The term suitability with regard to listing includes assessing various risks involved such as sector risk, operational risk, legal risk, etc, track record of sponsors, quality and capability of the management, past financial performance of the Issuer, future strategies of the Issuer, dividend payout history, financial projections, financial viability, dividend policy, etc.

7. Part II-B: Book Building Procedure

- (i) (In case of issue through book building, information needed to be disclosed of the issue i.e. allocation of capital under the book building portion and retail portion and the Floor Price.
- (ii) Types of bids and procedure for making a bid.
- (iii) Mechanism for determination of the strike price.
- (iv) Time frame for intimation to the successful bidders. Mechanism for payment of the balance amount by the successful bidders
- (v) Name of the book runner, its roles and responsibilities, Address, telephone number, cell number and fax number of the bid collection centers.
- (vi) Name of the designated institution and its roles and responsibilities.
- (vii) Role and responsibilities of the Issuer.
- (viii) Opening and closing of the bidding period.
- (ix) Eligibility to participate in bidding.
- (x) Information about availability of the prospectus, the registration form, and the bidding form.
- (xi) Procedure for registration.
- (xii) Procedure for bidding.
- (xiii) Title and number of the bank account for book building portion of the issue. Mechanism for payment of the margin money into the book building account.
- (xiv) Procedure for payment of the margin money by the foreign investors.
- (xv) Procedure for rejection of bids.
- (xvi) Time frame for upward revision of bids by the bidder.
- (xvii) Procedure for withdrawal of issue.
- (xviii) Mechanism for determination of strike price.

- (xix) Basis of allotment of share.
 - (a) In case the bids received are sufficient to allot the total number of shares offered for sale under the Book Building Portion, the allotment shall be made on the basis of highest bid priority that is the bid made at the highest price shall be considered first for allotment of shares.
 - (b) In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares will be allotted against the bids made at the Strike Price strictly on time priority basis
- (xx) Mechanism and mode for refunding/unblocking of the margin money.
- (xxi) Procedure and time frame for publication of the supplement to the prospectus.
- (xxii) Procedure for allotment of shares in case of 100% book building and allotment of unsubscribed retail portion to the bidders.

8. Part II-C: Share Capital and Related Matters

- (i) Share Capital in tabular form (both existing and post IPO) along-with necessary notes relating to the issued and allocated shares, if any.
- (ii) Present issue size of the issue with detailed break-up of allocation to Pre-IPO investors including their names, employees, non-resident Pakistanis etc., if any and general public.
- (iii) Opening and closing of subscription list.
- (iv) Procedure for public subscription through Centralized E-PO System and other additional electronic system
- (v) Investor eligibility.
- (vi) Facilities available to local, Non-Resident Pakistanis and Foreign Investors.
- (vii) Minimum amount of application and basis for allotment of shares.
- (viii) Refund/Unblocking of subscription money to unsuccessful applicants.
- (ix) Minimum amount of application and basis of allotment.
- (x) Issue, dispatch and credit of shares.
- (xi) Transfer of shares.
- (xii) Break up of shares issued during preceding years.
- (xiii) Purpose of the issue and utilization of the proceeds thereof.
- (xiv) Interest of share holders
- (xv) Dividend policy: The Issuer shall clearly mention its existing dividend policy, past 5 years dividend track record and future dividend policy. The Issuer shall

clearly state the factors on which future dividend payments would depend. These factors may include earnings, capital requirements, contractual obligations including restrictive covenants under financing agreements the Issuer may enter into to finance the fund requirements for its business activities, applicable legal restrictions and overall financial position and projections of the Issuer.

- (xvi) Eligibility for dividend
- (xvii) Deduction of Zakat.
- (xviii) Taxations, like applicability of capital gain tax, withholding tax on dividends, tax on bonus shares, federal excise duty and capital value tax & withholding tax on sale/purchase of shares.
- (xix) Tax on income of the Issuer, sales tax.
- (xx) Deferred taxation.
- (xxi) Tax credit for enlistment, tax credit for investment in IPOs.

8. Part II-D : In case of issue of debt securities (Islamic and conventional): In case of issue of debt securities, the following shall be disclosed, inter-alia,-

- (i) Structure of the issue, i.e. issue size with breakup of pre-IPO placement, if any, preferential allocation, if any, and allocation to the general public.
- (ii) Salient features of the issue including its tenor, rate of return, denomination of the certificate, market lot, secured/unsecured, credit rating details, purpose of the issue and utilization the proceeds thereof; brief security arrangement with reference to main part on security, in case of secured, restrictions and covenants, if any; opening and closing of the subscription list; investors eligibility; facilities available to investors local, foreign and NRPs, minimum application amount and basis of allotment; minimum amount that must be raised; refund/unblocking of subscription money of the unsuccessful applications; issue, credit and dispatch of securities; procedure for transfer of securities.
- (iii) Details of outstanding debt securities issued during preceding years along with date of issue, issue size, amount redeemed, amount outstanding; amount of profit paid; tenor; and credit rating.
- (iv) Redemption schedule; redemption reserve, if any.
- (v) Interest of the existing holders of the security being issued; nature of the security whether registered or bearer;
- (vi) Options like conversion option, put options, call option etc.
- (vii) Market Making and liquidity
- (viii) Deduction of Zakat
- (ix) Taxations, like applicability of tax on income from investment in the security; withholding tax, capital gain tax, stamp duty, capital value tax etc.

- (x) Deferred Taxation
- (xi) In case of issue of Shariah compliant securities, structure of the instrument, Shariah principle based of which the instrument is structured; name and profile of the Shariah advisor; Shariah Certificate by the Shariah advisor.

9. Part III: Underwriting arrangement, Commissions, Brokerage and other Expenses:

- (i) Underwriting; name of the underwriters and amount underwritten by each of them.
- (ii) Opinion of the directors regarding resources of the underwriters
- (iii) Rate of the underwriting and take up commission.
- (iv) Statement about non-execution of any buy-back, or repurchase agreement between the underwriters or their associates and the Issuer or its associates.
- (v) Fees and expenses for Centralized E-PO system.
- (vi) Rate of commission to the banker to an issue.
- (vii) Rate of the brokerage commission.
- (viii) Fees and expenses for Shariah advisory and Shariah audit in case of Shariah compliant debt security.
- (vi) Breakup of the expenses of the issue including fee/amount payable to (a) consultant to the issue; the book runners; the ballotters and registrar to the issue; the underwriters; listing fee; CDC fee SECP fee; printing and publication cost fee etc.

10. Part IV: Overview, History and Prospects:

- (i) Background and history of the company including its name, registration number, date of incorporation, date of commencement of business, description of the business including core and others, if any.
- (ii) Pattern of shareholding of the company.
- (iii) Explain the revenue and cost driver of the company in detail
- (iv) Organizational structure of the company; group information, if any;
- (v) Associates of the company along-with business transactions;
- (vi) Industry overview;
- (vii) Nature and location of the company's projects, if any; current implementation and operational status of the projects; nature and type the plant and machinery; total capacity and capacity utilization; financial plan with detailed breakup, in case the proceeds of the issue are to be used for financing a project.
- (viii) Implementation schedule of the project like land acquisition, execution of civil

works, installation of plant and machinery, date of trial production, date of commercial production.

- (ix) Infrastructure facilities like roads, buildings, housing colonies; utilities like water, electricity; raw materials.
- (x) End users, demand for the products, names of the competitors.
- (xi) Future prospects, demand outlook.
- (xii) Vendors to the issuer
- (xiii) Industry overview and sector analysis.
- (xiv) Risk Factors: All possible risk factor relating to the business of the company, the project, technology, competition, suppliers, consumers, industry, liquidity, regulatory, changes in Govt. policies, law and order situation, capital market, pending litigations, defaults etc.
- (xv) A statement that to the best of our knowledge and belief all risk factors have been disclosed shall be given immediately after the risk factors.

11. Part V: (a) Financial Information:

- (i) Auditor's report as certificate on issued, subscribed and paid-up capital.
- (ii) Auditor's certificate on break-up value per share, free float before and after Issue.
- (iii) In case of subsidiaries auditors certificates based on consolidated accounts of the issuing company.
- (iv) Latest management/un-audited accounts of the company, if any.
- (v) Summary of financial highlights of the Issuer along with key financial ratios for the last 5 years.
- (vi) Comparative financial analysis with peer group companies.

12. Part VI: Credit Rating (in case of debt securities):

- (i) Credit rating report in summarized/press release form.
- (ii) Complete credit rating report showing instrument or entity rating, whichever is applicable;
- (iii) Credit rating of the Issuer for the last five years, if undertaken, along with name of the respective rating agency;

13. Part VII: Trustee and Security (in case of debt securities):

- (i) Details of security and assets backing the instrument including nature of assets, book value of the assets as per the latest audited accounts; nature of charge established in favour of the Trustee, number and nature of charges on the said assets; names of the creditors having charge on these assets; and aggregate

- amount and type of such borrowing;
- (ii) Name of the Trustee, amount or rate of fee payable to the trustee;
- (iii) Event of defaults as mentioned in the Trust Deed;
- (iv) Circumstance under which security becomes enforceable;
- (v) Mechanism for enforcement of security including authority by way of special resolution by the security holders; quorum of the meeting; authority for approval of resolution etc.

14. Part VIII: Management of the Company

- (i) Composition of the board of directors of the company along with their names, executive or non-executive director, independent director or otherwise, addresses, CNIC number, brief profile, qualification and directorship in other companies.
- (ii) Dividend payout by group's listed companies in which the directors are holding directorship.
- (iii) Profile of the senior management including chief executive officer, chief financial officer, chief operating officer and company secretary.
- (iv) Appointment and election of directors and chief executive
- (v) Interest of the directors and promoters along with number and value of shares held by each of them, if any.
- (vi) Interest of the director and promoter in property/assets and profit of the company.
- (vii) Benefits (monetary or otherwise) provided to promoters and officers during last three years
- (viii) Voting rights of promoters
- (ix) Restriction, if any, on promoters of the company
- (x) Composition of the audit committee and its role and responsibilities.
- (xi) Powers of the directors including any borrowing power
- (xvii) Indemnity available to the board of directors and other employees of the company.
- (xviii) Performance for the last three years, of other associated listed companies under the same management along with following information:
 - (a) Name of the company;
 - (b) Date of incorporation;
 - (c) Registration number;

- (d) Date of public offer and date of listing;
 - (e) Amount of issue;
 - (f) Date of public offer; date of listing and name of the securities exchange where the company is listed;
 - (g) Date of public offer and date of listing of any security other than ordinary shares;
 - (h) Date of completion of project, where purpose of the issue was financing of a project;
 - (i) Paid-up-capital; equity; total assets; total liabilities; profit before and after tax; rate of cash dividends paid; break-up value per share; earning per share, return on equity and return on assets.
- (xix) Subsidiary companies and investment therein, if any.
 - (xx) Associated companies and investment therein, if any.

15. Part IX: Miscellaneous Information

- (i) Address of the registered office of the company (complete address, telephone & fax numbers and e-mail address)
- (ii) Names of bankers to an company
- (iii) Name and address of the company's auditors
- (iv) Name and address of the legal advisors to the company
- (v) Name and address of legal advisor to the issue
- (vi) Name and address of the balloters and share registrar
- (vii) Name and address of Consultant to the Issue
- (viii) Detail of material contracts referred to in the prospectus like underwriting agreements, due diligence reports by the underwriters and consultant to the issue, private placement agreements, project related agreements etc.
- (ix) Title and date of document/contract, parties to the contract, amount involved, if any, etc.
- (x) Inspection of Documents & Contracts by security exchange
- (xi) Place and timing where documents relating to the Issuer and the issue can be inspected. The documents to be made available there must include copies of all those agreements, contracts, reports etc. referred to in the prospectus. The timing of inspection must be the usual business hours on working days at the registered office of the company from the date of publication of the prospectus until the closing of subscription list.
- (xii) Pending legal proceedings, other than ordinary routine litigation incidental to

the business, to which the company or any of its subsidiaries is a party

(xii) Detail of valuation, if any, of assets and capitalization of reserves.

16. Part X: Application & Allotment Instructions

- (i) Instructions for submitting application.
- (ii) Minimum amount of application and basis of allotment
- (iii) List of bankers to an issue and their respective codes.
- (iv) Code of occupation of investors/applicants:
- (v) Nationality Code:

17. Part XI: Signatories to the Prospectus:

- (i) List of the signatories to the prospectus and their signatures in original duly dated and witnessed
- (ii) The prospectus should be signed by the person and in the manner as provided in these Regulations.

18. Part XII : Memorandum of Association

Memorandum of Association of the Issuer

19. Application Form

The application form both front and back containing instructions and other information

20. Bidding Form

The bidding form both front and back containing bidding procedure, strike price determination mechanism and basis of allotment.

Section 2

REPORTS TO BE SET OUT IN THE PROSPECTUS

1. A report made by auditors (who shall be named in the prospectus) for each of the five financial year immediately preceding the issue of the prospectus with respect to the following:
 - (a) Profits and losses and assets and liabilities, in accordance with the clause (2) or (3), as the case may require; and
 - (b) the details of dividend (date, rate, class of shares) paid by company during last five financial years immediately preceding the issue of prospectus of the company. if no accounts have been made up in respect of any part of the period of five years ending on a date three months before the issue of the prospectus, containing a statement of that fact.
2. If the company has no subsidiaries, the report shall so far as regards profits and losses, assets and liabilities for each of the five financial years immediately preceding the issue of the prospectus;
3. If the company has subsidiaries, the report shall so far as regards profits and losses, assets and liabilities of the company as a whole with combined profits and losses of its subsidiaries, and individually with profit and losses of each subsidiary concern;
4. If any shares have been or are to be issued or the proceeds, or any part of the proceeds, of the issue of the securities are or is to be applied directly or indirectly for the purchase of any business and by reason of that purchase entitled to an interest, as respects either the capital or profits and losses or both, in such business exceeding fifty per cent thereof, a report made by auditors (who shall be named in the prospectus) upon profit and losses and assets and liabilities of the business;
5. If the proceeds, or any part of the proceeds, of the issue of the shares or debt securities are or is to be applied directly or indirectly in any manner resulting in the acquisition by the company of shares in any other body corporate and by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the company, a report made by auditors (who shall be named in the prospectus) upon the profits or losses, the assets and liabilities of the other body corporate for each of the five financial year immediately preceding the issue of the prospectus;
6. The said report shall indicate how the business acquired is in the best interest of shareholders of the issuer. Where the business being acquired has subsidiaries, how such subsidiaries are in the best interest of shareholders;
7. In case of debt security, summary of the credit rating report by the credit rating agency, report by the company's auditors on security backing the issue and report by the debt security trustee that the security arranged and the mechanism for its enforcement, if needed, is appropriate for safeguarding interest of the security holders;
8. Statement on accuracy of the contents of the prospectus; and

9. The Chief Executive and Chief Financial Officer of the company shall certify that the prospectus constitutes a full, true and plain disclosure of all material facts relating to the securities offered by the prospectus.

SECOND SCHEDULE
MATTERS TO BE SPECIFIED IN THE ABRIDGED PROSPECTUS AND
REPORTS TO BE SET OUT THEREIN

1. The matters to be specified in the abridged prospectus and the reports to be given therein must be the same as provided in the full prospectus but, subject to provisions of this Schedule, in condensed or briefed form. The abridged prospectus must not contain any such information, material or report that is not contained in or part of the full prospectus.
2. The word, abridged must appear as a prefix to the word prospectus throughout the document.
3. Website addresses from where the complete prospectus along with experts reports, securities subscription application form and/or bidding form can be downloaded.
4. Addresses from where copies of the prospectus along with experts report can be obtained in physical form along with time and dates for collection.
5. Advices for investors, relating to reading of risk factors; prohibition of making false and fictitious application; consolidated and multiple bids etc.
6. The following information relating to the Issuer and the issue:
 - i. name of the Issuer; issued capital; date of incorporation, nature of the principle business, components of operations and five years financial summary;
 - ii. type of security; size of the issue including pre-IPO placement, if any, and offer price; dates for public subscription and minimum amount of application;
 - iii. in case of book building, minimum bid value; date and time for registration of the prospective bidders; bidding period; date and time for revision of bids; rejection of bids;
 - iv. Valuation Section as appearing in the prospectus
 - v. Disclosure regarding availability of Centralized E-PO System and any other additional electronic system offered for Public Subscription
 - vi. in case of debt security additional information like tenor; rate of return/profit; redemption schedule; call, put, conversion options, if any; redemption reserve, if any; name and contact detail of the debt securities trustee and the credit rating company;
 - vii. in case of issue of Sukuk, additional information like name of the Shariah Advisor, brief on the transaction structure, Shariah Certificate by the Shariah Advisors, etc; and
 - viii. Principal purposes of the issue.
7. Detail of approvals obtained including date of approval, name of the approving authority, relevant law and clause under which approval has been granted; disclaimer, if any, by the approving authority;
8. Names of the underwriter(s) and amount underwritten by each of them, if relevant;

9. Address and other contact detail of the Consultant to the issue, the book runner and bid collection centres, all the bankers to an issue, the ballotters and transfer agents, the auditors of the Issuer, legal advisor to the issue, the debt securities trustee, the credit rating agency, Shariah advisors, market maker, if relevant; and.
10. The abridged prospectus must be signed and witnessed in such form and manner as the full prospectus.

THIRD SCHEDULE
CONTENTS OF THE ADVERTISEMENT FOR PUBLIC OFFER OF SECURITIES

1. The matters to be specified in an advertisement to be published, telecasted or broadcasted, subsequent to publication of prospectus in full or in abridged form must contain only such material or information that is contained in or part of the prospectus.
2. Advices for investors, relating to reading of risk factors; prohibition of making false and fictitious application; consolidated and multiple bids; seeking professional advice before making investment decision etc. must be given.
3. The following information relating to the Issuer and the issue shall be disclosed in the advertisement:
 - (i) Name of Issuer, number of securities to be offered; offer price; bankers to an issue; consultant to the issue, and contact detail of the person who can be contacted by the investors for information about the issue;
 - (ii) Website addresses from where the complete prospectus along with experts reports, securities subscription application form and/or bidding form can be downloaded;
 - (iii) Addresses from where copies of the prospectus along with experts report can be obtained in physical form alongwith time and dates for collection;
 - (iv) In case of book building, the following additional information shall be disclosed:
 - (a) Bidding period; floor price; and
 - (b) name of the book runner; address and contact detail of the bid collection centers.
 - (v) In case of debt security, the following additional information shall be disclosed:
 - (a) Entity and instrument rating, rate of return; tenor; and
 - (b) Names of the rating agency, the debt security trustee and the Shariah advisors.
4. Any other information or material that the Commission deems necessary to be disclosed.
5. It is the responsibility of Issuers to ensure that the advertisements comply with all other relevant laws and Regulations.
6. The advertisements should be published at least in all those newspapers in which the prospectus or the abridged version of prospectus has been published.

FOURTH SCHEDULE
MATTERS TO BE SPECIFIED IN THE SUPPLEMENT TO THE PROSPECTUS
AND REPORTS TO BE SET OUT THEREIN

- (1) Supplement to the prospectus shall be published in all those newspapers in which the shelf prospectus has been published.
- (2) The period between publication of supplement to the prospectus and the previous supplement to the prospectus or shelf prospectus should not be less than six months.
- (3) The last supplement to the prospectus shall be published within a time period of not more than three years from the date of publication of the shelf prospectus.
- (4) The supplement to the prospectus for each issue shall contain updated status of the information contained in the shelf prospectus. The supplement to the prospectus shall contain the following:
 - (i) Reference of the shelf prospectus including date of publication of the shelf prospectus and date of publication of the supplements published earlier, if any;
 - (ii) Advices for investors, relating to reading of risk factors; prohibition of making false and fictitious application; consolidated and multiple bids etc.;
 - (iii) name of the Issuer;; number of securities to be issued under this tranche; the offer price; date of subscription; subscription period; name of advisors and consultant to the issue, name of the bankers to an issue; names of underwriters;
 - (iv) date of publication of the supplement to the prospectus;
 - (v) contact details of the relevant person for seeking further information by investors;
 - (vi) website addresses from where the shelf prospectus, the supplement to the prospectus earlier published, if any, the supplement to the prospectus, application and bidding forms can be downloaded;
 - (vii) name of the offeror, if any; type of security; size of the issue including pre-IPO placement, if any, and offer price; dates for public subscription; minimum amount of application and basis of allotment; refund of subscription money; transfer, issue, dispatch and credit of securities;
 - (viii) in case of debt security additional information like tenor; rate of return; redemption schedule; call, put, conversion options, if any; detail of assets backing the instrument; redemption reserve, if any; amount raised through earlier tranches;
 - (ix) in case of issue of Sukuk, additional information like transaction structure, names and role of related parties like originator, service providers etc;
 - (x) in case of book building, the bidding procedure including investors' eligibility for bidding; minimum bid value; date and time for registration of the prospective bidders; bidding period; date and time for revision and withdrawal of bids; rejection of bids; strike price determination; basis of allotment, refund/unblocking of margin money;

- (xi) Pricing of the security being offered;
- (xii) Minimum amount which must be raised;
- (xiii) Dividend history of the company;
- (xiv) in case of debt security additional information like tenor; rate of return; redemption schedule; call, put, conversion options, if any; credit rating; name of the rating agency; detail of assets backing the instrument; redemption reserve, if any;
- (xv) Addresses from where copies of the prospectus can be obtained in physical form along with time and dates for collection;
- (xvi) detail of approvals obtained including date of approval, name of the approving authority, relevant law and clause under which approval has been granted; disclaimer, if any, by the approving authority and name of the securities exchange where the security will be listed;
- (xvii) All risk factors which in the opinion of the company may be assumed by investor whether specific to the issuer; and
- (xvii) financial snapshots based on last five years audited accounts.

REPORTS TO BE SET OUT IN THE SUPPLEMENT TO THE PROSPECTUS

In the supplement to the prospectus, the following reports and statements shall be set out:

- (1) Auditors updated reports on income statement, balance sheet, paid up capital and breakup value per share in the form and manner as disclosed in full prospectus.
- (2) In case of debt security:
 - (i) summary of the updated, if any, credit rating report by the credit rating agency;
 - (ii) report by the company's auditors on security backing the issue; and
 - (iii) report by the debt security trustee that the security arranged and the mechanism for its enforcement, if needed, is appropriate for safeguarding interest of the security holders.
- (3) In case of Sukuk and asset based securitization transaction, brief on the transaction structure.
- (4) In case of Sukuk or other Shariah compliant instrument, Shariah pronouncement (Fatwa) by the Shariah advisors to the issue.
- (5) A statement by the board of directors or by the chief executive officer or the chief financial officer duly authorized by the board that the supplement contains a fair summary of the key information set out in the prospectus.

**FIFTH SCHEDULE
PROCESSING FEE**

- (i) In case of public offering of equity securities of an unlisted company:
Rs.500,000/- plus 0.025% of the post listed paid-up capital
- (ii) In case of public offering of equity securities of a listed company: Rs.500,000/-
- (iii) In case of issuance of debt security: Rs.100,000/-

SIXTH SCHEDULE


CHECKLIST OF DOCUMENTS IN CASE OF ISSUE/LISTING OF SECURITIES (GDRs/GDSs/Bonds) OUTSIDE PAKISTAN UNDER SECTION 62-A OF THE COMPANIES ORDINANCE, 1984

S.#	Name of Document
1	Application by the applicant under section 95 of the Act .
2	Copy of the draft Offering Circular for issue of securities outside Pakistan by the Company
3	Copy of Memorandum and Articles of Association containing Certificates of Incorporation and Commencement of Business, duly certified from the concerned Company Registration office (CRO)
4	Copy of approval as required under proviso to sub-section (1) of Section 86 of the Companies Ordinance, 1984 for issuance of shares by way of other than right offer, (<i>where applicable</i>).
5	Copy of special resolution, on Form 26 duly certified from Company Registration Office(CRO) concerned, passed in the AGM/EOGM of the members of the Company regarding issuance of securities outside Pakistan;
6	Copy of the notice of general meeting in which approval of the members obtained.
7	Confirmation that copy of the above mentioned special resolution has been submitted to the securities exchanges
8	Detailed justification for the issuance of the securities (GDRs GDSs/Bond) outside Pakistan
9	Complete break-up of the utilization of the proceeds of the GDRs GDSs/Bond issue.
10	Complete detail of the projects, if any, alongwith its feasibility, which will be financed through the proceeds of the GDRs/GDSs/Bond issue;
11	Copy of the resolution passed in the Board of Director's meeting of the Company authorizing issuance of GDRs/GDSs/Bond outside Pakistan;
12	Five years financial projections of the Company duly reviewed by its auditors or any other audit firm;
13	Copy of approval of SBP and that of any other approval/NOC obtained from any regulatory authority/agency/department with respect to the proposed issue of GDRs/GDSs/Bond;
14	Detail of international regulatory requirements relating to the proposed issue of GDRs/GDSs/Bond and compliance status with these requirements by the Company;
15	Copy of audited annual accounts of the Company for the last five years alongwith latest quarterly and half yearly accounts;
16	Copy of CIB reports of the Company, its directors, associated and subsidiary companies;
17	Copy of Credit Rating Report (for both entity and the instrument) in case of debt securities.
18	Complete group structure along with shareholding position of the group in each group company;

19	Complete latest pattern of shareholding of the Company in hard and soft form (both before and after issue of GDRs/GDSs/Bonds);
20	Affidavit on Non-judicial stamp paper from Chief Executive on accuracy of the disclosure made in the Offering Circular, Term Sheet and all documents submitted in connection with the proposed issue of GDRs/GDSs/Bond to the Commission, duly certified by the Oath Commissioner;
21	Copy of the term sheet containing of shares and Amount); (ii) number of shares that represents each GDRs/GDSs or number of shares to be issued in case of conversion of Bonds ; (iii) name of Depository; (iv) name of custodian; (v) name of lead manager, book runner, underwriter, co-lead manager, local financial advisor etc.; (vi) timeline for issuance of GDRs/GDSs/Bond; (vii) Legal provisions under which GDRs/GDSs/Bond will be issued and governed; (viii) name of the Stock Exchange on which GDRs/GDSs/Bond will be listed (ix) rights and entitlement of GDRs/GDSs/Bond holder; (x) mechanism of conversion of GDRs/GDSs/Bond into ordinary shares; (xi) Breakup of the expenses related to the proposed issue of GDRs/GDSs/Bond; (xii) the amount and percentage of Commission payable to the underwriters etc.(xiii) complete redemption schedule in case of issue of debt securities.
22	Consent to act as Global-coordinator, Lead manager, financial advisor and/or Book runner;
23	Name of countries where the proposed GDRs/GDSs/Bond will be offered
24	Receipted challan of the application filing and processing fee
25	Power of Attorney, on Non-Judicial Stamp Paper, in favor of local consultants to the issue, certified by the Notary Public.

Note: Copies of all the documents should be truly certified by the Company Secretary.

[F.No. Sy/SECP/08/13]


(Bilal Rasul)
 Secretary to the Commission