

INVITATION OF PUBLIC COMMENTS

REVISIONS IN THE PROPOSED AMENDMENTS TO PSX REGULATIONS IN  
RELATION TO LISTING OF COMPANIES PURSUANT TO APPROVAL OF  
SCHEME OF ARRANGEMENT

**Background:**

This is with reference to the proposed amendments to PSX Regulations in relation to listing of companies pursuant to approval of Scheme of Arrangement, which were earlier notified by PSX vide Notice No. PSX/N-985 dated October 7, 2024 for seeking public comments, in terms of Section 7 of the Securities Act, 2015.

The proposed amendments were meant to introduce certain conditions for compliance by the companies attaining listing at PSX pursuant to approval of Scheme of Arrangement granted by the relevant competent authority under the applicable laws with an aim to ensure that they are treated at par with companies applying for listing through Initial Public Offering.

Subsequent to completion of public consultation period and approval from the PSX Board, the proposed amendments to PSX Regulations were submitted to the Securities and Exchange Commission of Pakistan (SECP) for its approval.

**Revisions in the proposed amendments to PSX Regulations:**

It is hereby informed to all listed companies and other concerned that the SECP, after thoroughly reviewing the proposed amendments to PSX Regulations, is proposing certain changes including a stipulation that “no unlisted company can list or attain the listing status through the Scheme of Arrangement, except in case of demerger of Operating Business Segment of a listed company into an unlisted company and shares of unlisted company are issued to the shareholders of the listed company”.

In light of the foregoing, PSX is notifying the revised proposed amendments to PSX Regulations, which are attached herewith as **Annexure A**.

Accordingly, all concerned are invited to review the revised amendments and provide written comments latest by **April 16, 2025** through such modes and in such manner as prescribed in the ‘Guidelines for Submission of Comments’ which are attached herewith as **Exhibit A**.



**AJEET KUMAR**  
Chief Regulatory Officer

**“ANNEXURE A”**

**REVISED PROPOSED AMENDMENTS TO CHAPTER 5 OF PSX REGULATIONS IN RELATION TO LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT**

EXISTING PSX REGULATIONS	REVISED PROPOSED AMENDMENTS TO PSX REGULATIONS
<p align="center"><b>NEW INSERTION</b></p>	<p><b><u>5.4A. LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT:</u></b></p> <p><b><u>5.4A.1. No unlisted company can list or attain the listing status through the scheme of arrangement, except in case of scheme of arrangement involving demerger of Operating Business Segment of a listed company into an unlisted company and shares of unlisted company are issued to the shareholders of the listed company.</u></b></p> <p><b><u>5.4A.1.1 Classification Criteria for Operating Business Segment:</u></b></p> <p><b><u>For the purpose of this regulation, Operating Business Segment means:</u></b></p> <p><b><u>(a) a business component of a listed company that engages in business activities from which it earns revenue and incurs expense;</u></b></p> <p><b><u>(b) Revenue from Operating Business Segment must account for 10% of total revenue of the listed company as per last audited accounts or Assets of the operating business segment must account for 10% of total assets of the listed company as per last audited accounts;</u></b></p> <p><b><u>(c) Operating Business Segment to be demerged must be profitable for preceding financial year as per the last audited accounts.</u></b></p>
<p align="center"><b>NEW INSERTION</b></p>	<p><b><u>5.4A.2. Conditions for Listing of Unlisted Company through Scheme of Arrangement:</u></b></p> <p><b><u>5.4A.2.1. Conditions Applicable on Listed Company (Demerger of Operating Business Segment):</u></b></p>

EXISTING PSX REGULATIONS	REVISED PROPOSED AMENDMENTS TO PSX REGULATIONS
	<p>(a) <u>Listed company, which is entering into the scheme of arrangement involving demerger of operating business segment into unlisted company, shall be required to obtain a No Objection Certificate (NOC) from the Exchange subsequent to the approval of the Board of Directors for entering into scheme of arrangement.</u></p> <p>(b) <u>The listed company shall prepare special accounts for the operating business segment for the most recent financial year, and these accounts shall be audited by a QCR-rated audit firm.</u></p> <p>(c) <u>Listed company must be compliant with the requirements of the financial statements as per the relevant provisions of the Companies Act, 2017.</u></p> <p>(d) <u>Listed company is not placed in non-compliant segment and/or trading in its shares is not suspended at the time of application to PSX for obtaining NOC or at the time of filing of scheme of arrangement.</u></p> <p>(e) <u>Listed Company shall obtain approval from the Shareholders through special resolution for entering into the scheme of arrangement involving demerger of the operating business segment into unlisted company.</u></p> <p>(f) <u>Listed company shall submit an undertaking on non-judicial stamp paper to the Exchange that company to be listed through scheme of arrangement shall comply with listing requirements specified in Clause 5.4A.2.2 below.</u></p>
NEW INSERTION	<p><u>5.4A.2.2. Conditions Applicable on Company to be listed through Scheme of Arrangement (Demerger of Operating Business Segment):</u></p> <p>i. <u>Must be a public limited company incorporated under the Companies Act, 2017 having minimum paid up capital</u></p>

EXISTING PSX REGULATIONS	REVISED PROPOSED AMENDMENTS TO PSX REGULATIONS										
	<p><u>as prescribed under Clause 5.5.1 of this Chapter.</u></p> <p>ii. <u>At the time of listing, it must have minimum Free-Float as follows:</u></p> <table border="1" data-bbox="887 472 1414 1140"> <thead> <tr> <th data-bbox="887 472 1094 577"><u>Paid-Up Capital (PUC)</u></th><th data-bbox="1094 472 1414 577"><u>Free-Float Requirement</u></th></tr> </thead> <tbody> <tr> <td data-bbox="887 577 1094 757"><u>Up to PKR 2.5 billion</u></td><td data-bbox="1094 577 1414 757"><u>At-least 10% of PUC at the date of listing and increase to 25% subsequently within next 3 years.</u></td></tr> <tr> <td data-bbox="887 757 1094 927"><u>Above PKR 2.5 billion and up to PKR 5 billion</u></td><td data-bbox="1094 757 1414 927"><u>At-least 10% of PUC at date of listing and increase to 15% subsequently within next 3 years.</u></td></tr> <tr> <td data-bbox="887 927 1094 1070"><u>Above PKR 5 billion and up to PKR 10 billion</u></td><td data-bbox="1094 927 1414 1070"><u>At-least 10% of PUC at the date of listing.</u></td></tr> <tr> <td data-bbox="887 1070 1094 1140"><u>Above PKR 10 billion</u></td><td data-bbox="1094 1070 1414 1140"><u>At-least 5% of PUC at the date of listing.</u></td></tr> </tbody> </table> <p>iii. <u>Its principal line of business is to hold and manage operations of the Operating Business Segment</u></p> <p>iv. <u>Its promoters/ sponsors/ directors are not promoters/ sponsors/ directors in any other Listed Company, which is in the Non-Compliant Segment or Winding-Up Segment.</u></p> <p>v. <u>It is not an associated company of any other Listed Company (over which the Company has control), which is placed in the Non-Compliant Segment or Winding-Up Segment.</u></p> <p>vi. <u>Its Chief Executive Officer has not served in the past three years or is not serving as Chief Executive Officer of a Listed Company, which is placed in the Non-Compliant Segment or Winding-Up Segment during his tenure.</u></p> <p>vii. <u>The company, its sponsors, promoters, substantial shareholders and directors</u></p>	<u>Paid-Up Capital (PUC)</u>	<u>Free-Float Requirement</u>	<u>Up to PKR 2.5 billion</u>	<u>At-least 10% of PUC at the date of listing and increase to 25% subsequently within next 3 years.</u>	<u>Above PKR 2.5 billion and up to PKR 5 billion</u>	<u>At-least 10% of PUC at date of listing and increase to 15% subsequently within next 3 years.</u>	<u>Above PKR 5 billion and up to PKR 10 billion</u>	<u>At-least 10% of PUC at the date of listing.</u>	<u>Above PKR 10 billion</u>	<u>At-least 5% of PUC at the date of listing.</u>
<u>Paid-Up Capital (PUC)</u>	<u>Free-Float Requirement</u>										
<u>Up to PKR 2.5 billion</u>	<u>At-least 10% of PUC at the date of listing and increase to 25% subsequently within next 3 years.</u>										
<u>Above PKR 2.5 billion and up to PKR 5 billion</u>	<u>At-least 10% of PUC at date of listing and increase to 15% subsequently within next 3 years.</u>										
<u>Above PKR 5 billion and up to PKR 10 billion</u>	<u>At-least 10% of PUC at the date of listing.</u>										
<u>Above PKR 10 billion</u>	<u>At-least 5% of PUC at the date of listing.</u>										

EXISTING PSX REGULATIONS	REVISED PROPOSED AMENDMENTS TO PSX REGULATIONS
	<p><u>have no overdues or defaults, irrespective of the amount, appearing in the report obtained from the Credit Information Bureau. This will not apply to the directors nominated by the Federal Government or any Provincial Government and the Financial Institutions.</u></p> <p>viii. <u>Sponsors of the company shall hold their entire shareholding for a period of one year from the date of listing.</u></p> <p>ix. <u>Sponsors of the company shall hold not less than 25% of the Paid- up Capital of the company for a period of three years from the date of listing.</u></p> <p><u>Provided that shares of the Sponsors under clause (viii) and (ix) above, shall be kept unencumbered in blocked account with CDC.</u></p> <p><u>Subject to compliance with clause (viii) and (ix) above, and with the approval of the Exchange, the sponsors of the company may sell their shareholding through block-sale to any other person who will assume the role of sponsor and adhere to the specified requirements.</u></p> <p>x. <u>Comply with any other requirements as may be prescribed by the Commission or the Exchange.</u></p>
NEW INSERTION	<p><u>5.4A.3. Submission of Listing Application- Post Sanction of Scheme of Arrangement by Competent Authority:</u></p> <p><u>5.4A.3.1. After sanction of scheme of arrangement by the competent authority, the unlisted company shall submit an application to the exchange as per Annexure-I and submit applicable documents for listing of the company. The Exchange, if satisfied that the company is compliant with the prescribed listing requirements shall approve the listing application.</u></p>
NEW INSERTION	<p><u>5.4A.3.2. The Exchange may reject a listing application, at its sole discretion if it deems</u></p>



EXISTING PSX REGULATIONS	REVISED PROPOSED AMENDMENTS TO PSX REGULATIONS
	<p><u>that listing of the company is not in the interest of the market or the company does not meet any of the prescribed listing requirements. Provided that the company shall be given an opportunity of hearing by the Exchange before the listing application is rejected.</u></p>
NEW INSERTION	<p><u>5.4A.4. Opening Price of the Company:</u></p> <p><u>The opening price of the shares on the first trading day shall be disseminated within five (05) working days from the dissemination of certified true copy of the Order of the relevant competent authority sanctioning the Scheme but not later than the announcement of the final date of book closure by the Listed Company.</u></p> <p><u>Provided that management shall also provide justification in support of the opening price.</u></p>
NEW INSERTION	<p><u>5.4A.5. Public Dissemination of Information on Company to be Listed:</u></p> <p><u>Along with the listing application, the management of the company shall share with the Exchange, the following information/ documents relating to company, for onward dissemination to the general public through notice of listing:</u></p> <ul style="list-style-type: none"> <li><u>(a) Company History and Background;</u></li> <li><u>(b) Shareholding pattern;</u></li> <li><u>(c) Name(s) of Sponsors;</u></li> <li><u>(d) Names and profile of Board of Directors;</u></li> <li><u>(e) Management profile;</u></li> <li><u>(f) Capital structure;</u></li> <li><u>(g) Business model;</u></li> <li><u>(h) Products;</u></li> <li><u>(i) Major customers and suppliers;</u></li> <li><u>(j) Material properties and infrastructure;</u></li> <li><u>(k) Justification in support of the opening price;</u></li> <li><u>(l) Legal proceedings</u></li> <li><u>(m) Risk factors; and</u></li> <li><u>(n) Past financial performance including key ratios.</u></li> </ul>

EXISTING PSX REGULATIONS	REVISED PROPOSED AMENDMENTS TO PSX REGULATIONS
<p><b>5.6.11. SUSPENSION OF TRADING IN THE SHARES/ WARRANTS OF A LISTED COMPANY PURSUANT TO SCHEME OF MERGER/ AMALGAMATION/ RECONSTRUCTION:</b></p> <p>Where a Listed Company enters into a scheme of reconstruction of the company/ companies or amalgamation of any two or more Listed Companies or division/ splitting of a Listed Company into one or more companies, pursuant to the order of the Court, Commission or State Bank of Pakistan as per the Scheme of Merger/ Amalgamation/ Reconstruction already notified by the Exchange, the Exchange on announcement of final dates of closure of share transfer registers by the Listed Company for determining the entitlement, shall suspend trading in the shares of the Listed Company being merged as per the Exchange's trading schedule already notified. The Exchange, as the case may be, shall also issue a separate notice for delisting of the merged Listed Company upon fulfilment of the applicable requirements.</p> <p style="text-align: center;"><b>NEW INSERTION</b></p>	<p><b>5.6.11. SUSPENSION OF TRADING IN THE SHARES/ <del>WARRANTS</del> OF A LISTED COMPANY PURSUANT TO SCHEME OF <del>MERGER/ AMALGAMATION/ RECONSTRUCTION</del> <u>ARRANGEMENT</u>:</b></p> <p><del>Where a Listed Company enters into a scheme of reconstruction of the company/ companies or amalgamation of any two or more Listed Companies or division/ splitting of a Listed Company into one or more companies, pursuant to the order of the Court, Commission or State Bank of Pakistan as per the Scheme of Merger/ Amalgamation/ Reconstruction already notified by the Exchange, the Exchange on announcement of final dates of closure of share transfer registers by the Listed Company for determining the entitlement, shall suspend trading in the shares of the Listed Company being merged as per the Exchange's trading schedule already notified. The Exchange, as the case may be, shall also issue a separate notice for delisting of the merged Listed Company upon fulfilment of the applicable requirements.</del></p> <p><u>Pursuant to the sanction of the scheme of the arrangement involving listed company by the competent authority, the Exchange on announcement of final dates of closure of share transfer registers by the Listed Company for determining the entitlement, shall suspend trading in the shares of the Listed Company as per the Exchange's trading schedule already notified.</u></p>

\*\*\*End of Proposed Amendments\*\*\*

## **“EXHIBIT A”**

### **GUIDELINES FOR SUBMISSION OF COMMENTS**

1. PSX invites the interested parties to provide their comments and views with specific reference to the subject matter of the proposed amendments to PSX Regulations notified in this Notice.
2. The comments can be submitted through any of the following modes:

<b>Email</b>	<a href="mailto:comments.rad@psx.com.pk">comments.rad@psx.com.pk</a>
<b>Mail</b>	The Chief Regulatory Officer, Regulatory Affairs Division, 2 <sup>nd</sup> Floor, Administration Building, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi – 74000.

3. At the time of submission of comments, respondent is advised to provide the information, as per **Table-A** below, so that PSX may contact him/her for clarification or deliberation on the comments, if needed. Anonymous responses may be disregarded by PSX.

**Table-A**

<b>TO BE FILED BY THE RESPONDENT</b>	
<b>Name of respondent</b>	
<b>Name of company (if applicable)</b>	
<b>Designation (if applicable)</b>	
<b>Contact Number</b>	
<b>Email Address</b>	

4. The respondent may request confidential treatment for his/ her identity and all or any part of comments due to their proprietary, confidential or commercial nature, by clearly marking the information in **Table-B** below:

**Table-B**

<b>DISCLOSURE OF IDENTITY AND COMMENTS</b>
<p>Please check the box(es) if you wish to be remain confidential:</p> <p><input type="checkbox"/> I wish to have my identity remain confidential.</p> <p><input type="checkbox"/> I wish to keep all or any part of my comments confidential.</p>

If respondent wishes to keep any part(s) of comments confidential, then he/she is required to clearly specify such part(s) of comments.

5. To ensure quality and promote transparency, PSX will publish the relevant comments of respondents and its management’s response thereon in the form of a **Response Paper** on its website, within a reasonable timeframe, after close of public consultation session, unless the respondent has made a confidentiality request.



6. Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, respondents should note that notwithstanding any confidentiality request, PSX will share all their response(s) with the Securities and Exchange Commission of Pakistan (Apex Regulator).
7. By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to PSX, unless respondents wish to have their identity or comments remain confidential.