

FORM-I

DIRECT LISTING APPLICATION

To:

The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Karachi.

Dear Sir/ Madam,

1. We hereby apply for the Direct Listing of _____ on your Stock Exchange. (Name of company).
2. Necessary information and documents as required under Annexure-I to Chapter 5D of PSX Regulations are attached herewith.

Yours faithfully,

SIGNATURE & ADDRESS

Cc.:
The SECP,
ISLAMABAD (as required under Securities Act)

ANNEXURE – I

DOCUMENTS TO BE UPLOADED ALONG WITH DIRECT LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded by the applicant company or by the Financial Advisor through PRIDE:

1. An application for Direct Listing on Form-I.
2. Undertaking on Form-II.
3. Certificate of incorporation.
4. Conversion certificate from private to a public company, if applicable.
5. Certificate for change of name of the company, if applicable.
6. Resolution passed by the Board of Directors and members of the company with respect to Direct Listing of shares.
7. License, consent, approval, NOC etc. from the concerned regulatory authority for undertaking/carrying on the business.
8. Memorandum and Articles of Association of the company.
9. Information Memorandum.
10. Latest audited financial statements of the company.
11. Last page of the Information Memorandum duly signed by every director of the company. Signatures of the directors must be witnessed by the company secretary.
12. Letter jointly signed by the CEO and CFO of the company confirming that they have reviewed the contents of the Information Memorandum and to the best of their knowledge and belief the contents have been stated/disclosed correctly and fairly.
13. An undertaking on non-judicial stamp paper by the CEO and CFO of the company on the Form-III duly certified by the oath commissioner.
14. Undertaking by the Company on non-judicial stamp paper regarding details of restrictions placed by any regulatory body, lender, stakeholder, on distribution of profits, transfer of securities, pledging of assets, issuance of corporate guarantee etc. duly certified by the oath commissioner.
15. Declaration from the Issuer about the loan amounting to Rs. 500,000 or more written-off by a financial institution during the last five years as per Form-IV.
16. Affidavit from the company affirming, under oath, that the company, has no overdue payment to any financial institution.
17. Affidavit from company's sponsors/promoters, directors, and major shareholders affirming, under oath, that they have no overdue payment to any financial institution. (Specimen attached as Form-V).
18. Application/Declaration of CDS eligibility.
19. A statement containing particulars, dates of and parties to all material contracts, agreements (including agreements for technical advice and collaboration), concessions and similar other documents except those entered into in the normal course of the company's business or intended business together with a brief description of the terms of such agreements.
20. Title deeds of land duly attested by a gazetted officer.
21. Consent Letters from the Financial Advisor, (if any), the share registrar, auditor, expert (if any) and legal advisor (if any).
22. Individual consent letters from all directors, CEO, CFO and secretary of the company for publishing their names in their respective capacity in the Information Memorandum.
23. Any other document/material/information as may be required by the Exchange for its own record or inclusion in the Information Memorandum.
24. Payment of applicable fee and charges at the rate, as mentioned in Regulation 5.19. in favor of the Exchange.

Notes:

- i) Scanned copies of all the documents shall be certified by the Company Secretary/CEO.
- ii) Such scanned documents relating to regulatory authority as specified by the Exchange shall also be certified from the concerned Company Registration Office or concerned Regulatory Authority.
- iii) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.

FORM II

UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER

Dated: _____

The Board of Directors
Pakistan Stock Exchange Limited
KARACHI.

UNDERTAKING

We undertake, unconditionally, to abide by the Direct Listing Regulations and all other applicable Regulations, Directions, Decisions, Notices, Guidelines, Clarifications and Circular of the Pakistan Stock Exchange Limited, which presently are, or hereinafter may be in force.

We further undertake:

- (1) That our shares and securities shall be quoted on the Ready Delivery Contract Market and/or the Futures Counter at the discretion of the Exchange;
- (2) That the Exchange shall not be bound by our request to remove the shares or securities from the Ready Delivery Contract Market and or the Futures Counter;
- (3) That the Exchange shall have the right, at any time to place the company /security in the Defaulters' Segment, suspend trading or remove the said shares or securities for any reason which the Exchange considers sufficient in the public interest;
- (4) That such provisions in the Articles of Association of our company or in any declaration or agreement relating to any other security as are or otherwise not deemed by the Exchange to conform with these Regulations shall, upon being called upon by the Exchange, be amended to supersede the articles of association of our company or the nominee relating to the other securities to the extent indicated by the Exchange for purposes of the amendment and we shall not raise any objection in relation to a direction by the Exchange for such amendment;
- (5) That none of the directors, sponsors and substantial shareholders of the company has been a sponsor or substantial shareholder in any company, which:
 - (i) is in the Defaulters' Segment;
 - (ii) was de-listed by the Exchange due to its non-compliance of any applicable provision of these Regulations; or
 - (iii) whose TRE Certificate has been cancelled or forfeited by the Exchange, PMEX or any other registered stock exchange of Pakistan that existed prior to integration of stock exchanges pursuant to Integration Order number 01/2016 dated January 11, 2016, issued by the Commission due to non-compliance of any applicable rules, regulations, notices, procedures, guidelines etc.
- (6) That none of the sponsors, substantial shareholders, directors or management of the company as well as the company itself or its associated company/entity have been found guilty of being engaged in any fraudulent activity. The company has made full disclosure regarding any/or all cases in relation to the involvement of the person named above in any alleged fraudulent activity which is pending before any Court of Law/Regulatory Body/Investigation Agency in or outside of the country; and
- (7) That our company and/or the security may be delisted by the Exchange in the event of non-compliance and breach of this undertaking.

Yours faithfully,

(Signature of Authorized Person)

FORM III

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Dated: _____

We, (name of CEO), the chief executive officer, and (name of CFO), the Chief Financial Officer of (name of company), certify that:

1. This Information Memorandum (IM) contains all information with regard to the company, and the Direct Listing, which is relevant and material in the context of the offer and nothing material has been omitted, withheld or concealed in this respect;
2. The information contained in this IM is true and correct to the best of our knowledge and belief, and we have made necessary and diligent internal inquiries to prepare the same;
3. The opinions and intentions expressed therein are honestly held;
4. There are no other facts, the omission of which makes this IM as a whole or any part thereof misleading; and
5. No charges, fee, expenses, payments etc. have been committed to be paid to any person in relation to this Direct Listing except for those as disclosed in the IM.
6. The company shall abide by the Direct Listing Regulations and all other applicable Laws, Rules, Regulations, Directions, Decisions, Notices, Guidelines, Clarifications and Circulars of the Pakistan Stock Exchange Limited, which presently are, or hereinafter may be in force.

For and behalf of
(Name of Company)

-s/d-

(Name of CEO)
Chief Executive Officer

-s/d-

(Name of CFO)
Chief Financial Officer

FORM IV

Dated: _____

DECLARATION

We, the undersigned, hereby declare, represent and warrant pursuant to this Chapter:

- (1) that Company complies with the governing laws and regulations of the Exchange;
- (2) that all of the permissions, authorizations and licenses required for carrying out the business activities of our Company and all of the certificates which we are liable to hold pursuant to the laws and regulations applicable on our Company are existing;
- (3) that there does not exist any material legal disputes which may affect the production and activities of our Company; and
- (4) that loan amounting to Rs. 500,000 or more written-off by a financial institution during the last five years was Rs.....

Authorised Signatories

Authorised Signatories

FORM V

Dated: _____

AFFIDAVIT

We hereby affirm under the oath that _____, the Company, its directors, sponsors/promoters and major shareholders have no overdue payment to any financial institutions.

Authorised Signatories

Authorised Signatories

SCHEDULE - I

CONTENTS OF INFORMATION MEMORANDUM

**NOTE: THIS IS A GUIDELINE FOR FINANCIAL ADVISOR AND THE COMPANY.
THE EXCHANGE SHALL NOT BE RESPONSIBLE FOR MONITORING COMPLIANCE WITH THIS SCHEDULE**

The Information Memorandum ("IM") prepared with respect to the sale of shares and Direct Listing under Chapter 5D of PSX Regulations shall contain at least the following information/disclosures:

On the cover page, the following shall be disclosed:

- (a) A disclaimer in bold letters stating that, "This is not an IM for an offer of shares to the general public, but a document prepared for the purpose of selling shares only to Accredited Investors. This IM has not been approved by the Securities and Exchange Commission of Pakistan (the "Commission") or the Pakistan Stock Exchange Limited (the "Exchange");
- (b) Reference price of the shares to be listed at the Exchange and a description of how the reference price is derived;
- (c) Floor price in case of book building method and Justification for floor price.
- (d) In case of direct listing involving accredited investors, offer size and name of offerors.
- (e) Detailed description of potential risks associated with Direct Listing;
- (f) In case the company has reported a loss from its core business activities as per its latest audited financial statements, the company shall:
 - i) include a business plan to turnaround the company into a profitable venture; and
 - ii) disclose the following on the cover page of the Information Memorandum in bold language:

"This is a loss-making company. The risks associated with loss making companies are comparatively much higher than profitable companies. The prospective Accredited Investor should, therefore, be aware of the risk of investing in such companies and should make the decision to invest only after careful due diligence. It is advisable to consult an independent investment advisor before making any such investment."
- (g) A statement in bold letters stating that, "The Company and Board of Directors of ... (Name of the Issuer) ... accept responsibility for accuracy of the information contained in this document";
- (h) Name of the company;
- (i) Address of the company;
- (j) Date of incorporation;
- (k) Information regarding the website address of the company;
- (l) Name of group and associated companies;
- (m) The capital structure of the company/name of sponsors and major shareholders along with their shareholding;
- (n) Name of Chairman, Directors, Chief Executive Officer and Senior Management Officers of the company;
- (o) Profile of the management of the company including all the members of the Board of Director, the Chief Financial Officer and the Company Secretary;
- (p) Details about the company;
 - i) Introduction;
 - ii) Principal business;
 - iii) Type of share capital issued and voting rights;
 - iv) Company operating segment;
 - v) Company market share;
 - vi) Basic information about the industry the company belongs to, key players in the industry, basic raw material used by the company, if any, and list of supplier thereof, main clients and main competitors of the company;
 - vii) Risk(s) faced by the company;
 - viii) Past financial performance - past financial highlights of the company including key financial ratios like Debt to Equity Ratio, Current Ratio, Return on Equity, Return on Assets, Earning Per Share, Break-Up Value per Shares, Break-Up Value per Share excluding surplus on revaluation, if any, created upon revaluation of fixed assets and intangible assets if any etc. in tabular form;
 - ix) Details of the financial facilities obtained by the company and major covenants
 - x) Name of creditors along with contact details;
- (q) Profit distribution policy;
- (r) Pending litigations and contingent liabilities;
- (s) Projected 3 years financials, along with a disclaimer that the actual financial performance of the company may vary as a result of changing macro – economic conditions, and other factors;
- (t) Salient features of the issue like issue size, the face value of share etc.;
- (u) Justification for premium/ par;
- (v) Rights of the shareholders like the right to vote, dividend etc.;
- (w) Summary of all the material contracts relating to Direct Listing, if any;
- (x) Details of any restrictions placed by any regulatory body, lender, stakeholder, on the distribution of profits, transfer of securities, pledging of assets, issuance of corporate guarantee etc. duly certified by the oath commissioner.
- (y) Mechanism for book building where applicable.
- (z) Procedure for investment.

ANNEXURE-A

BOOK BUILDING METHOD:

Book building is a mechanism of price discovery of equity shares through Bidders who make Bids at Floor Price or within the Price Band. Bids received are listed in descending order of price evidencing demand at different price levels at Floor Price or within the Price Band. A Strike Price is arrived at through Dutch Auction Method.

DUTCH AUCTION METHOD:

Dutch Auction method means the method through which the price is determined by arranging all the bid price in descending order along with the number of shares and the cumulative number of shares bid for at each bid price. The strike price is determined by lowering the bid price to the extent that the total number of shares offered under the Book Building portion is subscribed.

CRITERIA FOR BOOK BUILDING:

Book Building for the purpose of these Regulations shall be conducted amongst the accredited Investors subject to the following conditions:

- i. The offer size shall be based on free float requirements specified in Regulation 5D.3.
- ii. The bid size for each initial subscriber shall be Rs. 100,000.
- iii. The Book Runner shall be appointed to perform the function of Book Building.
Provided that PSX can itself act as book runner for price discovery of equity securities.

BOOK BUILDING PROCEDURE:

- i. Financial Advisor shall decide the Floor Price and the Price Band in consultation with the company.
Provided that if the financial advisor is not appointed than floor price shall be calculated as per methodology given in regulation 5D.7 and price band shall be decided by the company.
Provided further that the upper limit of the price band should not be more than 40% of the Floor Price.
- ii. Financial Advisor or the company shall provide the justification of the floor price and the price band in the Information Memorandum.
- iii. PSX book building system shall be used for discovery of opening price.
- iv. The Company or the Financial advisor, if any shall place copy of the Information Memorandum at least 2 days before the start of the book building on its website and the websites of the Book Runner, Securities Exchange etc.
- v. The Book Runner shall provide a mechanism for registration of the bidders.
- vi. The Book Runner shall make all necessary arrangements for receiving bids and the instruments evidencing payment of the bid money.
- vii. The Book Runner shall put in place a mechanism to enter details of the Bidders into the SYSTEM.
- viii. Once details of the bidders are entered into the System, the Designated Institution i.e. PSX 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.
- ix. The bidding shall remain open for at least one working day.
- x. The Book Building process shall be considered as cancelled if the Company does not receive bids for the number of shares allocated under the Book Building Portion.
- xi. On the request of the Company, Book Building period shall be extended by the PSX.
- xii. At the end of Bidding period, designated institution shall determine the strike price based on Dutch Auction method.
- xiii. Strike price determined through book building shall be opening price of shares in secondary market.

PROCEDURE FOR BIDDING:

- i. The bid placed by the investor shall be of minimum Rs. 100,000.
- ii. The Book Runner shall collect full amount of the bid money as margin money in respect of bids placed by the investors.
Provided that Book Runner may waive the margin requirements at its own discretion.
- iii. The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. on all days of the Bidding Period.
- iv. 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.
- v. The bidders can revise the bids upward till 05:00 p.m. on the last day of the Bidding Period.
- vi. 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, Financial Advisor, if any and the Securities Exchange.
- vii. At the close of the bidding period, Strike Price shall be determined on the basis of Dutch Auction Method by the Designated Institution.
- viii. The bidders who have made bids at prices above the Strike Price shall be allotted shares at the Strike Price.
- ix. In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares shall be allotted against the bids made at the Strike Price on proportionate basis.
- x. The successful bidders shall be issued securities in the form of book-entry to be credited in their CDS account. All the bidders shall, therefore, provide number of their CDS account in the bid application.

RESTRICTION ON BIDDERS:

The bidder shall not –

- i. Make bid below the Floor Price and above the upper limit of the Price Band;
- ii. Make bid for more than 20% of the shares allocated under the Book Building Portion;
- iii. Make consolidated bid;
- iv. Make more than one bid either severally or jointly;
- v. Make downward revision both in terms of Bid Price and Bid Volume;
Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same; or
- vi. Withdraw the Bid.

RESPONSIBILITY OF THE BOOK RUNNER:

The Book Runner to the Issue shall be responsible to:

- i. Ensure that necessary infrastructure and electronic system is available to accept bids and to undertake the whole Book Building in a fair, efficient and transparent manner.
- ii. Use the software provided by the Designated Institution for the Book Building.
- iii. 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.
- iv. Ensure that the bidders can access to the System and can revise their bids electronically using the user ID and the password.
- v. Maintain record of all the bids received.