

Chapter 5: LISTING OF COMPANIES AND SECURITIES REGULATIONS

5.1. DEFINITIONS:

5.1.1. In this chapter, unless there is anything repugnant in the subject or context:

- (a) "Companies Act", means the Companies Act, 2017 (XIX of 2017);
- (b) "Defaulters' Segment", shall mean a separate segment of companies, which have committed irregularities mentioned in clause 5.11.1;
- (c) "General Public", shall mean all individual and Institutional Investors including both Pakistani (residents & non-residents) and foreign investors;
- (d) "Listed Shell Company", shall mean any Listed Company, classified by the Exchange with reasons to be recorded in writing, as a Listed Shell Company for the purposes of Reverse Merger on the basis of erosion of its equity, no or nominal business operations in its principal line of business as per Memorandum of Association or no or nominal assets;
- (e) "Operating Unlisted Company", shall mean an unlisted company currently in operation which is intending to merge with a Listed Shell Company;
- (f) "Public Offering Regulations", shall mean the Public Offering Regulations, 2017 notified by the Commission and amended from time to time;
- (g) "Prescribed", means prescribed by these Regulations or under authority hereof;
- (h) "Regulations", shall mean this chapter of the PSX Regulations for the time being in force;
- (i) "Reverse Merger", shall mean any transaction pursuant to which an Operating Unlisted Company becomes a Listed Company by merging with and into a Listed Shell Company;
- (j) "Securities Act", means the Securities Act, 2015 (Act No. III of 2015);
- (k) "Special Purpose Acquisition Company (SPAC)" shall have the same meanings as defined under clause (liiia) of the Public Offering Regulations, 2017;
- (l) "Surviving Company", shall mean the Listed Company survived pursuant to scheme of arrangement of an Operating Unlisted Company with a Listed Shell Company approved by the relevant competent authority.

5.1.2. Words and expressions used but not defined in these Regulations shall have the same meaning as are assigned to them in the Public Offering Regulations and in case of any inconsistency between the Public Offering Regulations and PSX Regulations, Public Offering Regulations shall prevail.

5.2. LISTING OF COMPANIES AND SECURITIES:

5.2.1. *DEALING IN THE SECURITIES OF A COMPANY AT THE EXCHANGE:*

- (a) No dealings in securities of a company shall be allowed on the Exchange, either on the Ready Delivery Contract Market or Futures Market, unless the company or the securities have been listed and approval for such dealing has been granted by the Exchange.
- (b) The Issuer shall file an application for listing on Form-I along with the documents as mentioned in Annexure-I to this chapter to the Exchange for approval. A copy of the complete application shall be submitted to the Commission for its record.
- (c) The Exchange may require such additional evidence, declarations, affirmations, information or other forms to be filled up as it may consider necessary.
- (d) The Exchange shall accept a listing application of an Issuer when the Issuer has completed all necessary requirements of the Exchange.
- (e) The Exchange shall place the draft prospectus on its website for a period of seven working days and shall notify the same, for seeking public comments. The Exchange shall ensure that all comments received on the draft prospectus are incorporated and suitably addressed by the Consultant to the Issue and the Issuer to its satisfaction.
- (f) The Exchange shall complete the approval process for listing of an equity security within 15 working days from the date of complete submission of all required documentation including any other additional documentation as required by the Exchange. In case the approval is refused, after providing an opportunity of being heard to the applicant, the reasons thereof will be communicated to the applicant and the Commission within two weeks of the decision.
- (g) An applicant company or security applying for listing shall furnish full and authentic information in respect thereof and such other particulars as the Exchange may require from time to time.
- (h) The issuer whose ordinary shares are already listed at Exchange may apply for listing of other class of shares without making public offer of respective class of shares.

5.2.2. *THE EXCHANGE SHALL NOT ENTERTAIN LISTING APPLICATION OF A COMPANY:*

- (a) Where the Issuer, its sponsors, promoters, substantial shareholders and directors have over-dues or defaults, irrespective of the amount, appearing in the report obtained from the credit information bureau.
- (b) The Issuer, or its directors, sponsors, or substantial shareholders have been holding the office of directors, or have been sponsors or substantial shareholders in any company:
 - (i) Which has been declared defaulter by the securities exchange; or
 - (ii) Whose TRE Certificate has been cancelled or forfeited by the securities exchange; or

(iii) Which has been delisted by a 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.

5.2.3. The loan amounting to Rs. 500,000 or more written-off by a financial institution during last five years be disclosed in the prospectus.

5.3. UNDERTAKING:

5.3.1. No listing of a company or security shall be allowed unless the applicant company provides an undertaking on Form-II.

5.4. PUBLIC OFFER BY COMPANIES/ MODARABAS/ SPAC:

5.4.1. In case of issue of equity securities by the applicant company, except for the SPAC, by way of IPO or offer for sale, the allocation to General Public shall be as under:

(a) *FOR COMPANIES SEEKING LISTING:*

POST ISSUE PAID UP CAPITAL (PIPC)	ALLOCATION OF CAPITAL TO THE GENERAL PUBLIC, EXCLUDING PREMIUM AMOUNT AND PRE-IPO PLACEMENT
Up to PKR 2.5 billion	At-least 10% of PIPC <i>Provided that the Company shall be required to subsequently enhance the quantum of public shareholding to 25% within next 3 years of its listing.</i>
Above PKR 2.5 billion and upto PKR 5 billion	At-least 10% of PIPC <i>Provided that the Company shall be required to subsequently enhance the quantum of public shareholding to 15% within next 3 years of its listing.</i>
Above PKR 5 billion and upto PKR 10 billion	At-least 10% of PIPC
Above PKR 10 billion	At-least 5% of PIPC

(b) *FOR COMPANIES ALREADY LISTED:*

In case of an already listed company at the Exchange, the size of offer of capital shall not be less than Rs.100 million.

Explanation: For the purpose of this clause, the term "size of the offer" means the product of the offer price and the number of shares being offered.

5.4.2. The Issuer or the Offeror, as the case may be, may allocate share capital up to twenty percent (20%) of the public offer to overseas Pakistanis. The amount should be subscribed through proper banking channel.

Provided that in case of under subscription in either of the categories i.e., the quota allocated to resident or non-resident Pakistanis, the unsubscribed portion will be allocated to the applicants of other category.

5.4.3. The Issuer or Offeror, as the case may be, may allocate share capital up to five percent (5%) of the public offer to its employees of the company whose shares are offered.

5.4.4. In the case of a Modaraba applying for listing on the Exchange, thirty percent (30%) of the total paid-up capital shall be subscribed by the sponsors or their associates or friends, relatives and associated undertakings and the balance of seventy percent (70%) shall be offered to the general public.

Provided that the Exchange, if it is satisfied that it is not practicable to comply with the requirements of clause 5.4, in a particular case or class of cases may, for reasons to be recorded, relax the requirements contained therein subject to approval of the Commission.

5.4.5. *THE ALLOCATION OF SHARE CAPITAL:*

The shares/warrants shall be allotted or allocated to any persons including sponsors or employees in the manner and with such terms and conditions as prescribed under the Public Offering Regulations.

5.4.6. *OFFER/ISSUE THROUGH BOOK BUILDING:*

In case where the shares of the company are issued/offered through Book Building, it shall comply with the requirements as prescribed in the Public Offering Regulations.

5.5. PROSPECTUS, ALLOTMENT, ISSUE AND TRANSFER OF SHARES:

5.5.1. No Company will be listed unless it is registered under the Companies Act as a public limited company and its minimum post issue paid-up capital is Rs.200 million.

5.5.2. The companies registered in Gilgit Baltistan and Azad Jammu and Kashmir will be eligible for listing and will be treated at par with companies registered in Pakistan.

5.5.3. Despite receiving the application for approval of listing and any preliminary actions thereon, no company shall be listed unless it has made a public issue which is subscribed by not less than 500 applications.

- 5.5.4. The requirements of Regulation 5.5.1. or 5.5.3. shall not apply to listing of Securities other than shares of Companies, unless any law so requires or the Federal Government in the exercise of its powers under the Securities Act, 2015 so directs.
- 5.5.5. The Companies shall ensure that the securities offered to the general public are declared as eligible securities in the CDS.
- 5.5.6. The audited accounts to be incorporated in the Prospectus / Offer for sale document shall not be older than 8 months from the date of publication of the Prospectus / Offer for sale document. The Prospectus shall contain all disclosures mentioned in the Public Offering Regulations. Moreover, it shall also disclose any loan amounting to Rs. 500,000 or more written-off by a financial institution during last five years.

Provided that in case of secondary public offering and initial public offering of other class of shares, Listed Companies are allowed to publish the Prospectus/Offer for sale document based on audited accounts older than eight months, subject to the condition that they are compliant with the requirements related to annual and quarterly accounts as specified under the Companies Act.

Provided further that the conditions referred to in Regulation 5.5.6. shall not apply to SPAC. Furthermore, SPAC shall ensure that prospectus submitted contains all the disclosures as specified for SPAC in Public Offering Regulations.

5.5.7. *APPROVAL OF PROSPECTUS:*

- (a) The prospectus shall be submitted to and approved by the Exchange before an application for its approval is made to the Commission. The Exchange may require additional information, data, certification or requirement to be included in the prospectus. If any applicant fails to comply with such requirements, the Exchange may refuse to issue approval of the prospectus under these Regulations.
- (b) The prospectus shall conform to and be in accordance with the requirements and provisions of the Public Offering Regulations, Securities Act, 2015, any other law or legal requirement for the time being applicable, instructions of the Commission, Exchange's Criteria for Listing and the Exchange's Listing Guidelines laid down from time to time not being inconsistent with law or instructions of the Commission. The application made to the Commission shall, amongst other things, be accompanied by the approval given by the Exchange under Regulation 5.5.7.(a) above.
- (c) The issuer shall make available to the Exchange and to bankers to the issue for distribution printed copies of prospectus or offer for sale and application forms for shares in the quantity to be determined by the Exchange and the bankers. The company shall also accept applications on identical forms.
- (d) The applications for shares/warrants shall be accepted only through bankers to the issue, whose names shall be included in the prospectus or the offer for sale.
- (e) The directors or the offerors, as the case may be, shall not participate in subscription of shares/warrants offered to the general public.

5.5.8. *SUBSCRIPTION PROCESS:*

- (a) The company shall inform the Exchange of the subscription received and such information shall be communicated in writing under the hand of an authorized person with certificate(s) from bankers to the issue, within three (3) Working Days of the closing of subscription.
- (b) Within ten (10) working days of the close of public subscription period, the company shall allot and issue shares/warrants against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be refunded.
- (c) In case the application for listing is refused by the Exchange, for any or whatsoever reasons, the company shall forthwith repay without surcharge all moneys received from applicants in pursuance of the prospectus or the offer for sale, and if any such money is not repaid within eight days after the Company becomes liable to repay it, the directors of the company shall be, jointly and severally, liable to repay that money from the expiration of eight day together with surcharge at the rate of two percent (2%) for every month or part thereof from the expiration of the eight day.
- (d) In case of over-subscription, the company, or the Offerors, as the case may be, shall immediately submit to the Exchange copies of the ballot register of successful applications.
- (e) The company shall credit all shares/warrants in the respective CDS Account of the successful applicants within ten (10) working days of the closing of subscription list under intimation to the Exchange.

5.5.9. *BROKERAGE TO THE CERTIFICATE HOLDERS:*

The Listed Company or the Offeror, as the case may be, shall, within ten (10) working days of closing of subscription list, pay brokerage to the Securities Broker at a rate not more than one percent (1%) of the value of the shares actually sold through them.

5.5.10. *SPLIT/CONSOLIDATION OF PHYSICAL INSTRUMENTS:*

- (a) The Company shall split letters of right into marketable lots within seven (7) days of receipt of such application.
- (b) The Company shall consolidate or split, as may be required by a Security holder in writing certificates into marketable lots within thirty (30) days of receipt of such application. In case the split/consolidation results in lots other than marketable lots, the company may charge an amount, which shall not exceed Rs.100/- for each certificate.

5.5.11. *CLOSURE OF SHARE TRANSFER BOOKS:*

- (a) A company, excluding open-end mutual funds, may close its share transfer books for any purpose and shall give a minimum of seven (7) days' notice to the Exchange prior to closure of Share Transfer Books, provided that the

maximum period of closure of books during a year shall not exceed the period specified in section 125 of the Companies Act.

Provided that the Companies/ETFs quoted on the Futures Market shall intimate to the Exchange the dates of their book closure and corporate actions, if any, at least seven (07) trading days before the commencement of book closure. However, the Exchange may change above intimation time period in exceptional circumstances.

- (b) The company shall treat the date of posting as the date of lodgment of shares for the purpose for which shares transfer register is closed, provided that the posted documents are received by the Company before relevant action has been taken by the Company.
- (c) The company shall issue transfer receipts immediately on receiving the shares for transfer.
- (d) The company shall not charge any transfer fee for transfer of shares.

5.5.12. No listed Company shall exercise any lien whatsoever on fully paid shares and nor shall there be any restriction on transfer of fully paid shares. The same shall apply to all listed Securities.

5.6. DISCLOSURE OF INFORMATION, TRADING HALTS AND CREDIT OF DIVIDENDS:

5.6.1. DISCLOSURE OF PRICE-SENSITIVE INFORMATION:

- (a) Every Listed Company shall immediately disseminate to the Commission and the Exchange all price-sensitive information relating to the business and other affairs of the listed company that may affect the market price of its shares in the manner prescribed by the Exchange from time to time. The said information shall be communicated to the Exchange prior to its release to any other person or print / electronic media.

The price-sensitive information may include but shall not be limited to:

- (i) any material change in the nature of business of the company due to technical, strategic, manufacturing, or marketing related changes, opening of new line of business or closure of any existing line of business, either partly or fully;
- (ii) information regarding any joint ventures, merger, demerger, restructuring, acquisition or any material contract entered into or lost;
- (iii) all decisions of the Board of Directors of the company relating to cash dividend, bonus issue, right issue or any other entitlement or corporate action, buy back of securities or voluntary delisting;
- (iv) purchase or sale of significant assets, franchise, brand name, goodwill, royalty, financial plan, etc.;
- (v) any undisclosed revaluation of assets including impairment of assets due to any reason;
- (vi) delay or loss of production due to strike, fire, natural calamities, major breakdown, etc.;
- (vii) a major change in borrowings including projected gains to accrue to the company;
- (viii) issue or redemption of securities or any change in the terms of issued securities;
- (ix) material change in ownership of the company;
- (x) any default in repayment, rescheduling or restructuring of loans or breach of loan agreement by the company;
- (xi) default, delay, rescheduling or restructuring in payment of markup, profit, interest or rent etc., as the case may be and in redemption of principal amount in respect of Debt Securities issued by a Listed Company along with reasons thereof;
- (xii) change in directors, Chairman, CEO or auditors of the company;
- (xiii) fraud/default by the company or fraud/default/arrest of its directors, CEO or executives;
- (xiv) initiation of winding up proceedings against the company or any of its associated/subsidiary company;
- (xv) non-renewal of license by the Commission or any other relevant licensing authority along with reason(s) of the non-renewal; and
- (xvi) any other information that is deemed price sensitive information.

Explanation: Such information shall be disseminated to the Commission and the Exchange as soon as any decision about above referred matters or any other significant issue is taken by the board or a significant matter requiring disclosure has come into the knowledge of the company's management.

5.6.2. DISCLOSURE IN RESPONSE TO A RUMOR OR A REPORT CONTAINING SENSITIVE INFORMATION:

Whenever a Listed Company becomes aware or is made aware of any rumor or report containing sensitive information, likely to affect market price of its listed Securities or trading volume in any form whatsoever and howsoever including but not limited to the following:

- (i) broadcasted/ presented through the electronic media; and not limited to an
- (ii) article/news or otherwise; and
- (iii) published in a newspaper, newswire, magazine, or any other publication.

The Company should confirm or deny information and set forth the facts sufficient to clarify the same in writing to the Exchange, within one (1) day of such publication / broadcast.

5.6.3. DISCLOSURE IN CASE OF UNUSUAL MOVEMENTS IN PRICE AND/OR VOLUME OF A SECURITY:

- (a) In case the Exchange observes unusual, significant or sudden movement in price and/or volume of a security of a Listed Company, the Exchange may seek explanation from the Company and the Company shall respond promptly to the Exchange by giving sufficient information as is available to it in order to clarify its position for onward dissemination to the public including but not limited to the following:

- (i) details of any matter or development of which it is aware that is or may be relevant to the unusual movements, or
- (ii) a statement of the fact if it is not aware of any such matter or development.

(b) It shall be the responsibility of the Listed Company to respond promptly, in the same manner, to any news in the print and electronic media regarding that company which may have caused such unusual movement(s).

5.6.4. DISCLOSURE OF INTEREST BY RELEVANT PERSONS HOLDING COMPANY'S SHARES:

Where any director, CEO, substantial shareholder or executive of a Listed Company or their spouses sell, buy or take any beneficial position, whether directly or indirectly, in shares of the Listed Company of which he/she is a director, CEO, substantial shareholder or executive, as the case may be, he/she shall immediately notify in writing to the Company Secretary. Such director, CEO, substantial shareholder or executive, as the case may be, shall also deliver a written record of the price, number of shares, form of share certificates, (i.e., whether physical or electronic into Central Depository System), and nature of transaction to the Company Secretary within seven days of effecting the transaction. The Company Secretary shall immediately forward the same to the Exchange for its dissemination to all concerned. The notice of the director, CEO, substantial shareholder or executive, as the case may be, shall also be presented by the Company Secretary at the meeting of the board of directors immediately subsequent to such transaction. In the event of default by a director, CEO or executive to give a written notice or deliver a written record, the Company Secretary shall place the matter before the board of directors in its immediate next meeting.

Provided that each listed company, excluding open-end mutual funds, shall determine a closed period prior to the announcement of interim/final results and any business decision, which may materially affect the market price of its shares. No director, CEO or executive shall, directly or indirectly, deal in the shares of the listed company in any manner during closed period. The closed period shall start from the day when any document/statement, which forms the basis of price sensitive information, is sent to the board of directors and terminate after the information is made public. Every listed company shall advise its directors about the closed period at the time of circulating agenda and working papers for the board meetings, along with sending intimation of the same to the Exchange.

Explanation: For the purpose of clause 5.6.1 and 5.6.4, the expression "executive" means the CEO, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary by whatever name called, and other employees of the company for whom the board of directors will set the threshold to be reviewed on an annual basis and disclosed in the annual report.

5.6.5. DISCLOSURE OF INFORMATION RELATING TO ACQUISITION OF MORE THAN TEN PER CENT VOTING SHARES OF A COMPANY:

Where Exchange receives any information from an acquirer under section 110 of the Securities Act 2015, the Exchange, upon receipt of such information, shall immediately disseminate the same to all concerned.

5.6.6. DISCLOSURE OF SIGNIFICANT RELATED PARTY TRANSACTIONS:

(a) Every Listed Company shall disseminate to the Exchange information about Related Party Transaction(s) which, individually or taken together with previous transactions with a Related Party during a financial year, is of a value equal to or more than 10% of total assets or annual total turnover as per last year's audited financial statements of the Listed Company, immediately upon entering into such transaction.

Provided that nothing in this clause shall apply to any transactions entered into by the Listed Company in its ordinary course of business on an arm's length basis as specified in terms of section 208 of the Companies Act, 2017 and regulation made thereunder.

(b) The information to be disseminated under sub-clause (a) shall include but not be limited to the following:

- (i) Name of Related Party;
- (ii) Nature of transaction;
- (iii) Amount of transaction;
- (iv) Names of the interested person(s) and their nature of interest in the transaction/ related party;
- (v) The interested persons' direct and indirect shareholding in the Listed Company;
- (vi) Details, description, terms and conditions of transaction; and
- (vii) The rationale for and benefit to the Listed Company of such transaction.

5.6.6A. DISCLOSURE OF INFORMATION RELATING TO STAY OBTAINED FROM THE COURT AGAINST THE INSPECTION OR INVESTIGATION PROCEEDINGS OF THE COMMISSION:

The Listed Company shall immediately disclose to the Exchange the information relating to an order of the Court staying any inspection or investigation proceedings initiated by the Commission against such Listed Company.

5.6.7. NON COMPLIANCE WITH DISCLOSURE OF PRICE SENSITIVE INFORMATION TO THE EXCHANGE:

(a) In case a Listed Company or Issuer of a Listed Security fails to communicate the complete financial results timely, or any other price sensitive information immediately, such company or issuer will be liable to pay penalty at a minimum of Rs.100,000/- (Rupees one hundred thousand only) and maximum up to Rs.1,000,000/- (Rupees One million only) to be determined by the Exchange.

(b) In case a Listed Company or Issuer of a Listed Security fails to communicate accurate and complete financial results, or any other price sensitive information in a timely manner, the Chief Executive Officer (CEO) as well as Chief Financial Officer (CFO) of such Listed Company or Issuer will be liable to pay a penalty of a minimum Rs. 100,000/- (Rupees

one hundred thousand only) and a maximum penalty of upto Rs. 1,000,000/- (Rupees one million only) to be determined by the Exchange.

5.6.8. Every Listed Company and Issuer of Listed Security shall send to the Exchange its quarterly and annual financial results, in the manner prescribed by the Exchange from time to time.

5.6.9. *PROVISION OF STATUTORY REPORTS, AUDITED ACCOUNTS, NOTICE, RESOLUTION AND QUARTERLY REPORTS TO THE EXCHANGE:*

- (a) The Company shall send/transmit to the Exchange its statutory report, annual report containing therein the audited financial statements, auditors' report, directors' report and the chairman's review report, in the manner prescribed by the Exchange not later than twenty one (21) days before a meeting of the shareholders is held to consider the same.
- (b) The Company shall transmit to the Exchange all notices as well as resolutions prior to their publication and dispatch to the shareholders and also file with the Exchange certified copies of all such resolutions as soon as these have been adopted and become effective.
- (c) The Company shall send/transmit to the Exchange its quarterly accounts in the manner prescribed by the Exchange from time to time and within the time stipulated under the Companies Act, 2017.

5.6.10. *PAYMENT OF DIVIDEND:*

Every Listed Company shall:

- (i) credit interim and final dividend into the designated bank accounts of the shareholders concerned within the time lines specified by the Commission pursuant to section 242 of the Companies Act;
- (ii) intimate the Exchange immediately as soon as all the dividends have been credited in the respective bank accounts of the shareholders.

5.6.11. *SUSPENSION OF TRADING IN THE SHARES/WARRANTS OF A LISTED COMPANY PURSUANT TO SCHEME OF MERGER/ AMALGAMATION/ RECONSTRUCTION:*

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.

5.7. ANNUAL GENERAL MEETINGS/ANNUAL REVIEW MEETINGS, ETC.:

5.7.1. *HOLDING OF MEETING:*

- (a) Listed Companies shall intimate to the Exchange the date and time of holding of their annual general meetings. Listed Companies are encouraged to avoid overlap with other Listed Companies in holding their annual general meetings and provide video-link facility to shareholders to enable them to participate in the annual general meetings.
- (b) Every Listed Company including Modaraba shall hold its annual general meetings or annual review meetings, as the case may be, and lay before the said meetings its financial statements within one hundred and twenty (120) days following the close of financial year.

Provided that it shall be mandatory for a Company to notify the Exchange of any extension in time of holding the Annual General Meeting by furnishing to the Exchange a copy of the letter of approval from the Commission allowing such extension, within 48 hours of receipt of the same.

5.7.2. *FURNISHING OF MINUTES OF MEETING AND FREE FLOAT RELATED INFORMATION:*

- (a) The Listed Company shall furnish certified true copies of minutes of its Annual General Meeting and of every extraordinary general meeting to the Exchange within sixty (60) days of such meeting.
- (b) Every Listed Company or issuer of a Listed Security shall:
 - (i) ensure that requisite input into the CDC free-float functionality is entered in a timely manner to enable the Exchange to access the number and break-up of Free-Float shares of the company on quarterly basis i.e. as on March 31, June 30, September 30 and December 31 each year, within fifteen (15) days of close of each quarter.
 - (ii) submit directly to the Exchange along with the annual audited accounts as prescribed in clause 5.6.9. (a) of these Regulations, an annual Free-Float certificate duly verified by the auditor, in the format specified by the Exchange.

The CDC shall notify to the Exchange late/non-submission of quarterly Free-Float information by any listed company within the timeframe specified in clause (i) above, for initiating necessary action as provided in the PSX Regulations.

- (c) A Listed Company or an issuer of a Listed Security which fails to communicate the correct details of Free-Float of shares shall be liable to pay a penalty of Rs. 5,000/- per day from the date of first communication of such details till the correct details are communicated.

5.7.3. *HOLDING OF CORPORATE BRIEFING SESSION:*

Every listed company shall hold at least one Corporate Briefing Session during the financial year, in the manner as specified by the Exchange from time to time and intimate to the Exchange in advance the date, time and venue of holding of the Corporate Briefing Session.

5.8. INCREASE OF CAPITAL AND ALLIED ISSUES:

Every listed Company shall immediately advise the Exchange of all decisions taken by its board of directors regarding any change in authorized, issued or paid-up capital, by issue of bonus shares, right shares or reduction of capital, etc.

5.8.1. THROUGH ISSUING OF ENTITLEMENT LETTERS OR RIGHT OFFERS:

- (a) A listed Company shall issue entitlement letters or right offers in marketable lots to all the Security holders within a period of thirty (30) days from the date of re-opening of security transfer register of the company closed for this purpose.

Provided that this regulation shall not apply on the Security which is eligible to be deposited into CDS. In such cases, the procedure as prescribed by the CDC shall be complied with.

- (b) The Exchange may, at the request of the Listed Company, extend time for issuance of the entitlement letter for a period not exceeding thirty (30) days. The company shall pay the following fees to the Exchange for extension granted by the Exchange with regard to issuance of entitlement letters, etc.

- (i) for the first fifteen (15) days Rs. 250/- per day
- (ii) for the next fifteen (15) days Rs. 500/- per day

Failure to seek extension from the Exchange shall make the company liable to a penalty at double the rate of extension fee provided above.

Provided that extension shall not be granted beyond 30 days.

5.8.2. THROUGH ISSUING OF BONUS SHARES:

- (a) A listed Company shall issue bonus shares certificates within a period of thirty (30) days from the date of re-opening of the share transfer register closed for this purpose:

- (i) Bonus shares shall be credited into the respective CDS Accounts of shareholders maintained with the CDC or dispatched to the shareholders concerned by registered post or through courier services unless those entitled to receive the bonus share certificates require otherwise in writing;
- (ii) The Exchange shall be immediately intimated as soon as the bonus shares are credited / dispatched to the shareholders;

Provided that in case of Book-Entry Securities deposited into the CDS, in addition to the above, procedure as prescribed by the CDC shall also be complied with.

5.9. OTHER MATTERS:

- 5.9.1. A Listed Company shall submit to the Exchange certified true copy of its updated memorandum and articles of association immediately after obtaining approval of the Commission for any amendment made therein.

- 5.9.2. Every Listed Company and issuer of listed security shall notify to the Exchange at least one week in advance the date, time and place of its board meeting specially called for consideration of its quarterly and annual accounts or for declaration of any entitlement for the security holders in the manner prescribed by the Exchange from time to time.

- 5.9.3. Where no trading has taken place on the Exchange in the securities of a Listed Company for a continuous period of 180 days, the Exchange, if it is satisfied that the prices quoted are not in accordance with the market realities, may except in cases where the earlier quotation is below par value and, with the prior approval of the Commission, quote such companies at par from the one hundred and eighty first day irrespective of the price earlier prevalent.

5.10. QUALITY OF AUDIT:

- 5.10.1. All Listed Companies shall facilitate the Quality Control Review (QCR) of the audit working papers of practicing chartered accountants, carried out by the Institute of Chartered Accountants of Pakistan (ICAP). For such purpose, all Listed Companies shall authorize their auditors to make available all the relevant information including the audit working papers to the QCR Committee of ICAP.

- (a) No Listed Company shall appoint or continue to retain any person as an auditor, who has been found guilty of professional misconduct, by the Commission or by a court of Law, for a period of five years unless a lesser period is determined by the Commission. In case a firm has been appointed as an auditor, and if any of its partners have been held guilty of professional misconduct, the firm shall only be eligible for appointment as an auditor provided a written confirmation is given by the firm to Exchange and the Commission with a copy to ICAP to the effect that such partner shall not be engaged in the audit of any Listed Company for the period specified above.

- (b) A person appointed as an auditor shall be guilty of "professional misconduct" if he:

- (i) fails to report a material misstatement or fact known to him and non-disclosure of which may render the financial statements misleading or disclosure of which is necessary in his professional capacity;

- (ii) fails to obtain sufficient information to warrant the expression of an opinion or his exceptions are sufficiently material to negate the expression of an opinion;
- (iii) makes a statement which is misleading, or deceptive;
- (iv) incites any one to commit a criminal offence, or helps or encourages anyone in planning or execution of a criminal offence which is committed;
- (v) agrees with anyone to prevent or obstruct the course of justice by concealing, destroying or fabricating evidence by a misleading statement which he knows to be untrue;
- (vi) deceives any person, either by making a statement, which he knows to be false, or by suppressing matters relevant to a proper appreciation of its significance;
- (vii) expresses his opinion on financial statements of any business or enterprise in which he, his firm or a partner in his firm has substantial interest;
- (viii) is penalized under any of the provisions of the Companies Ordinance, 1984 in relation to his function as an auditor of a listed company; and
- (ix) is guilty of any other act which is determined as professional misconduct by the Commission in relation to his function as an auditor of a listed company.

5.10.3. The auditor of a listed company shall not provide the following services to such Listed Companies:

- (i) preparing financial statements, accounting records and accounting services;
- (ii) financial information technology system design and implementation, significant to overall financial statements;
- (iii) appraisal or valuation services for material items of financial statements;
- (iv) acting as an Appointed Actuary within the meaning of the term defined by the Insurance Ordinance, 2000;
- (v) actuarial advice and reviews in respect of provisioning and loss assessments for an insurance entity;
- (vi) internal audit services related to internal accounting controls, financial systems or financial statements;
- (vii) human resource services relating to:
 - (i) executive recruitment;
 - (ii) work performed (including secondments) where management decision will be made on behalf of a listed audit client;
- (viii) legal services;
- (ix) management functions or decisions;
- (x) corporate finance services, advice or assistance which may involve independence threats such as promoting, dealing in or underwriting of shares of audit clients;
- (xi) any exercise or assignment for estimation of financial effect of a transaction or event where an auditor provides litigation support services as identified in paragraph 9.187 of Code of Ethics for Chartered Accountants;
- (xii) share registration services (transfer agents); and
- (xiii) any other service(s) which the Council of Institute of Chartered Accountants of Pakistan ("ICAP") with the prior approval of the Commission, may determine to be a "prohibited service".

The Commission may on the recommendation of ICAP or in its sole discretion and to the extent deemed fit and proper exempt one or more services from the restriction under this Regulation.

5.10.4. A listed company shall not appoint or continue to retain any person as an auditor, who is engaged by such company to provide services listed in Regulation 5.10.3 or if a person associated with the auditor is, or has been, at any time during the preceding one year engaged as a consultant or advisor or to provide any services listed in Regulation 5.10.3.

Explanation:

For the purposes of this regulation, the expression "associated with" shall mean any person associated with the auditor, if the person:

- (a) is a partner in a firm, or is a director in a company, or holds or controls shares carrying more than twenty percent of the voting power in a company, and the auditor is also partner of that firm, or is a director in that company or so holds or controls shares in such company; or
- (b) is a company or body corporate in which the auditor is a director or holds or controls shares carrying more than twenty percent of the voting power in that company or has other interest to that extent.

5.11. DEFAULTERS' SEGMENT, SUSPENSION AND DE-LISTING:

5.11.1. A Listed Company may be placed in the Defaulters' Segment if:

- (a) It has not commenced its commercial production in the case of a manufacturing company or business operations in the case of any other company within ninety (90) days of the date of commencement of commercial production/ business operations as disclosed in its Prospectus;

Upon placement of such company on the Defaulters' Segment, the Exchange shall only initiate actions under Regulation 5.11.2(a) and 5.11.2(b).

- (b) It has suspended commercial production/ business operations in its principle line of business for a continuous period of one year;

Upon placement of such company on the Defaulters' Segment, the Exchange shall only initiate actions under Regulation 5.11.2(a) and 5.11.2(b).

Provided that Regulation 5.11.1(a) and 5.11.1(b) shall not apply on SPAC.

- (c) It has failed to hold its one Annual General Meeting as per law;

Upon placement of such company on the Defaulters' Segment, the Exchange shall only initiate actions under Regulation 5.11.2(a) and 5.11.2(b). However, if such company fails to hold its Annual General Meeting for two consecutive years, trading in shares of the company shall be suspended by the Exchange and the company shall be given 90 days to rectify the non-compliance, failing which, the Exchange shall initiate further actions against the company commencing from Regulation 5.11.2(e).

- (d) It has failed to submit its annual audited accounts for the immediately preceding financial year as per law;

Upon placement of such company on the Defaulters' Segment, the Exchange shall only initiate actions under Regulation 5.11.2(a) and 5.11.2(b). However, if such company fails to submit its annual accounts for two consecutive years, trading in shares of the company shall be suspended by the Exchange and the company shall be given 90 days to rectify the non-compliance, failing which, the Exchange shall initiate further actions against the company commencing from Regulation 5.11.2(e).

- (e) It has failed to pay within the time specified by the Exchange:

- (i) the annual listing fees for two (2) years; or
- (ii) any penalty imposed by the Exchange under these Regulations through final order; or
- (iii) any other dues payable to the Exchange under these Regulations.

- (f) It for any reason whatsoever has failed to join CDS after its security has been declared eligible security;

Trading in shares of such company shall be suspended by the Exchange upon its placement on the Defaulters' Segment and the company shall be given 90 days to rectify the non-compliance, following which the Exchange shall initiate further actions against the company commencing from Regulation 5.11.2(e).

- (g) Its CDS eligibility has been suspended by the CDC;

Upon placement of such company on the Defaulters' Segment, the Exchange shall only initiate actions under Regulation 5.11.2(a) and 5.11.2(b).

- (h) Its CDS eligibility has been revoked by the CDC;

Trading in shares of such company shall be suspended immediately by the Exchange upon its placement on the Defaulters' Segment and the company shall be given 90 days to rectify the non-compliance, following which the Exchange shall initiate further actions against the company commencing from Regulation 5.11.2(e).

- (i) Its statutory auditor has issued a qualified opinion on the going concern assumption or has issued a disclaimer or an adverse opinion in the audit report;

Upon placement of such company on the Defaulters' Segment, the Exchange shall only initiate actions under Regulation 5.11.2(a) and 5.11.2(b).

- (j) License of the listed regulated person or listed company, as the case may be, has been cancelled or revoked by the Commission or licensing authority;

Trading in shares of such company shall be suspended by the Exchange and the company shall be given 90 days to rectify the non-compliance, failing which, the Exchange shall initiate further actions against the company commencing from Regulation 5.11.2(e).

- (k) It has failed to comply with any provision of this Chapter or where, in the opinion of the Exchange, it is necessary to do so in the interest of protecting investors and maintaining a fair, orderly and transparent market;

- (l) A show cause notice for winding up has been issued to the company by the Commission;

Upon placement of such company on the Defaulters' Segment from the date on which the Exchange receives information from the Commission regarding issuance of show cause notice for winding-up of the company, the Exchange shall initiate actions under Regulation 5.11.2(a) and 5.11.2(b).

Provided that the Exchange upon receiving information that the Commission has passed order for winding-up of the company, shall immediately disseminate such information to the general public.

Provided further that upon receipt of information regarding filing of winding-up petition against the company in Court by the Commission, the Exchange shall suspend trading in shares of the Company.

The Exchange shall proceed to delist such company upon appointment of official liquidator by Court, without providing the company with opportunity for compulsory buy-back.

- (m) Winding-up petition is filed by creditor(s) or shareholder(s) in the Court subject to the following conditions:

- (i) such creditor or creditors, either severally or jointly, have a claim against the company which is equivalent to at least ten percent of the equity of the company as per the latest accounts available with the Exchange; or
- (ii) such shareholder or shareholders, either severally or jointly, own at least ten percent of the company's paid-up capital;

Upon placement of such company on the Defaulters' Segment from the date on which the Exchange receives information regarding commencement of its winding-up, the Exchange shall initiate actions under Regulation 5.11.2(a) and 5.11.2(b) and suspend trading in shares of the Company.

The Exchange shall proceed to delist such company upon appointment of official liquidator by Court, without providing the company with opportunity for compulsory buy-back.

- (n) Voluntary winding-up proceedings have commenced through passing of special resolution;

Upon placement of such company on the Defaulters' Segment from the date of receipt of information from such company regarding passing of special resolution for voluntary winding-up, the Exchange shall initiate actions under Regulation 5.11.2(a) and 5.11.2(b) and suspend trading in the shares of such company. The Exchange shall proceed to delist such company upon appointment of liquidator/official liquidator as the case may be, without providing the company with opportunity for compulsory buy-back.

- 5.11.2 Upon placement of a Company or its Security on the Defaulters' Segment pursuant to sub-clause 5.11.1, the Exchange shall initiate the following actions unless specific actions are provided under any of the sub-clauses to Regulation 5.11.1 above:

- (a) Issue notice(s) for the general public disclosing the information available with the Exchange regarding placement of the company or its securities on the Defaulters' Segment as per the format of notice agreed with the Commission;
- (b) Advise the CDC and/ or Registrar in case of physical shares to freeze the shares of the company placed on the Defaulters' Segment in the CDS accounts or in the name of the sponsors, directors and senior management of the Company, as per relevant information to be provided to the CDC/ Registrar by the Exchange;

Provided that in case of change of management/ revival of the company, the Exchange may request CDC/ Registrar to allow transfer of such blocked shares to any other person(s) in the same form upon submission of a scheme of revival duly approved by the Board of Directors of the Listed Company including supporting documents and agreements to the Exchange.

Provided further that upon placement of a company on the Defaulters' Segment under sub-clause 5.11.1(a) and (b), the Exchange may in addition to taking action as above instruct such Company to take necessary measures to commence/ resume commercial production or business operations, as the case may be, and submit quarterly progress report to the Exchange for dissemination to market participants.

- (c) Instruct the Company to rectify the non-compliance(s) within the specified time not exceeding 90 days from the date of placement of the Company on the Defaulters' Segment;
- (d) In case a Company fails to rectify the non-compliance(s) within the timeframe specified in sub-clause 5.11.2 (c) or as otherwise specifically provided under sub-clauses to Regulation 5.11.1 above, the Exchange shall suspend trading in the shares of such Company and provide it further period not exceeding 90 days to rectify the non-compliance(s);
- (e) In case a Company still fails to rectify the non-compliance(s) within the timeframe specified in sub-clause 5.11.2 (d) or as otherwise specifically provided under sub-clauses to Regulation 5.11.1 above, the Exchange shall issue compulsory buy-back directions to the majority shareholders/sponsors having control of the Company in the manner as provided under clause 5.14 and for SPAC as provided in Public Offering Regulations, 2017 within the time specified by the Exchange, not exceeding 90 days from the date of such direction or rectify the non-compliance(s) within such period;
- (f) Upon completion of the buy-back process of shares by majority shareholders/ sponsors of the Company or failure to comply with the compulsory buy-back directions or failure to rectify the non-compliance(s) within the timeframe specified under sub-clause 5.11.2 (e) or as otherwise specifically provided under sub-clauses to Regulation 5.11.1 above, the Exchange shall delist such Company within 90 days through a notice in writing under intimation to the Commission;
- (g) Submit complete details of the case to the Commission for further action as deemed appropriate under relevant provisions of the Securities Act, 2015 and the Companies Act, 2017.

- 5.11.3. Any information/ notices issued in relation to actions taken against any company under Regulation 5.11.1 and 5.11.2 or restoration of such company to the normal Ready Delivery Contracts Market shall be disseminated by the Exchange to the market participants prior to opening of market on the next trading day.

- 5.11.4. Mechanism to be followed for Suspension of Trading in the Shares:

The Exchange shall suspend trading in the shares of a Company under these Regulations by providing the company with notice of 14 trading days for submitting reasons as to why trading in its shares may not be suspended by the Exchange. Upon failure of the company to rectify its default within 7 trading days from the date of such notice, trading in shares of the company shall be allowed only on T+0 (SPOT) for the next 7 days, and upon continued failure of the company to rectify its default, the Exchange shall suspend trading in the shares of the company from the 15th trading day.

Provided that the Exchange shall obtain clearance from the Commission prior to providing the company with notice of 14 trading days as aforesaid under clause 5.11.1(l).

Provided further that the trading in the shares of a company shall be suspended immediately under clause 5.11.1(h) without following the above mechanism of suspension.

- 5.11.5. No company which has been de-listed under these Regulations, shall be restored and its shares re-quoted until it removes the causes of de-listing and receives the assent of the Managing Director of the Exchange for the restoration.
- 5.11.6. No company shall be de-listed under these Regulations, unless such company has been provided an opportunity of being heard. In case of failure of the company to avail the hearing opportunity, the Exchange shall proceed to delist the company on ex-parte basis.
- 5.11.7. In case of a company having more than one ground for placement on Defaulters' Segment, the Exchange shall follow the steps prescribed for the ground that leads to earlier suspension or delisting of the company, as the case may be.
- 5.11.8. The Exchange may relax the action of suspension of trading in a company's shares, if it is established that such action may not be in the best interests of its shareholders/investing public and where the company has demonstrated improvement from the last reported progress towards the rectification of cause(s) of its non-compliance(s).

The Exchange shall disseminate its decision to grant any such relaxation for the information of market participants.

Provided that the relaxation so granted shall not be more than 60 days at once, however, the same may be extended considering the ground(s) as aforementioned.

5.12. EFFECTS OF SUSPENSION OF TRADING:

EFFECTS OF SUSPENSION OF TRADING IN THE SECURITIES OF A SUSPENDED COMPANY:

- 5.12.1. Transfer in the physical shares of such company shall be restricted. However, such restriction shall not be applicable in cases where:
- the Share Registrar/ Transfer Agent/ the company has received transfer request from a shareholder prior to the date of suspension; or
 - the shares have been purchased prior to the date of suspension of trading and the shareholder provides proper instrument of transfer, evidencing purchase of such shares prior to the date of suspension, to the Share Registrar/ Transfer Agent/ the company.
- 5.12.2. It shall be mandatory upon the company to ensure that no transfers in physical shares, other than as specified in Regulation 5.12.1.(a) and 5.12.1.(b) above, take place during the period of suspension. Within ten (10) days of suspension, the company shall provide the Exchange with a copy of its Share Transfer Register, as of the day prior to the day of suspension, and details of any transfers registered under Regulation 5.12.1 (a) and 5.12.1 (b) subsequent to suspension in trading of its shares shall also be submitted to the Exchange within 48 hours of registration of such transfer.

5.13. RESTORATION OF TRADING IN THE SHARES OF SUSPENDED COMPANY:

The Exchange, upon submission of application for restoration of trading by a company, may restore trading in the shares of such company, where the cause of suspension of trading has been removed to the satisfaction of the Exchange. Where trading in the shares of such company is suspended continuously for 180 days or more, the Exchange may require such company to comply with any one or more of the following conditions and in such manner/ time as may be specified by the Exchange:

- Submit a satisfactory resumption proposal with a view to resuming trading in its securities including short-term milestones to implement such proposal;
- Publish an appropriate announcement to the public detailing the measures adopted for removal of cause of suspension;
- Conduct a corporate briefing session for the shareholders and analysts;
- Release latest annual or quarterly financial report or any other relevant report/ documents deemed acceptable by the Exchange for the purpose; and/ or
- Comply with any specific requirements or conditions as may be prescribed by the Exchange.

5.14. VOLUNTARY DE-LISTING (VD):

5.14.1. Intimation of VD:

A company shall intimate the Exchange immediately subsequent to its Board's decision to buy back shares from the minority shareholders and voluntarily delist from the Exchange. The intimation may also include the proposed purchase price, in line with the Buyback Price Criteria given in clause 5.14.2 below and the reasons for delisting.

5.14.2. Buyback Price Criteria:

The proposed purchase price shall not be less than the highest of the following:

- Weighted Average Closing Market Price of the last 5 days preceding the date of the board meeting in which the company resolves to delist from the Exchange;
- 3-year Weighted Average Market Price one day preceding the date of the board meeting in which the company resolves to delist from the Exchange (using Closing Market Prices);
- Intrinsic Value Per Share on the basis of the revaluation of assets of the company. (The revaluation shall be conducted by an Independent Valuator shortlisted by the Exchange, and shall not be older than 3 months from the date of complete submission of all documentation which shall accompany the formal application for voluntary delisting. Intrinsic Value per share shall be certified by an Audit Firm falling in Category 'A' or 'B' of SBP's Panel of Auditors.

The intrinsic value may also include any other factor in addition to tangible and intangible assets of company which may be considered appropriate while fixing the price of shares.);

- (d) P/E Multiple approach (for profitable companies reporting a Profit after Tax at least in the year preceding the intimation of delisting);
- (e) The maximum price at which the Sponsors had purchased these shares from the open market in the preceding one year.

5.14.3. **Formal Application for VD:**

The company shall submit a formal application for voluntary delisting within 45 days of the date of intimation, stating the proposed purchase price and the reasons for delisting. The following shall be submitted along with the formal application of delisting:

- (a) Non-refundable Voluntary Delisting Application Fee of Rs. 500,000/-;
- (b) Any outstanding dues of the Exchange;
- (c) Valuation Report by the Independent Valuator, and Auditor's Certificate certifying the Intrinsic Value per share;
- (d) Sponsors' Undertaking that they would purchase the shares of minority shareholders at a price to be approved in their general meeting of shareholders for an initial buy-back period of 60 days and for a further period of one year;
- (e) Sponsors' Undertaking that they shall abide by PSX Regulations/ Procedures/ Guidelines/ Terms & Conditions pertaining to Voluntary Delisting;
- (f) Sponsors' Undertaking that all material disclosures relating to the affairs of the company have been made to the shareholders and the Exchange, and that they do not have any information which will constitute an offence under Part X of the Securities Act;
- (g) Consent of Purchase Agent, who acts as an agent for purchase of the securities to be de-listed on behalf of the majority security holders as contemplated by these Regulations and who shall be a Securities Broker of the Exchange;
- (h) Undertaking of Purchase Agent which will constitute an irrevocable open offer to purchase securities from minority shareholders at a price approved in the general meeting, valid for an initial buy-back period of 60 days and for a further period of 12 months;
- (i) Complete list of majority shareholders, along with shareholding details;
- (j) Complete list of minority shareholders, along with shareholding details;
- (k) Statement from the Sponsors (giving details such as price and number of shares) of the shares they purchased from the open market in the one year preceding the date of intimation.

The Exchange shall be empowered to ask for any additional information/ details, which shall be provided by the company within 7 days of the date of such request by the Exchange.

5.14.4. **Minimum Purchase Price:**

The Exchange shall determine the minimum purchase price which shall not be less than the Buyback Price Criteria given in PSX Regulation 5.14.2. The determination shall take into account any other factor which may be considered appropriate while fixing the price of shares.

5.14.5. **Quantum to qualify for delisting:**

- (a) Where the Sponsors' shareholding is less than 90%, the Sponsors shall be required to increase their shareholding to at least 90% of the total shares of the company to qualify for delisting.
- (b) Where the Sponsors' shareholding is 90% or above, it shall not be mandatory for them to purchase any minimum quantum of the shares outstanding to qualify for delisting. However, the sponsors shall be obligated to purchase shares from the minority shareholders during the initial buyback period and for a further period of one year as per the requirements of these Regulations.

5.14.6. **Condition for Voluntary Delisting:**

The company shall be bound to comply with the Procedures, Guidelines, and any Terms & Conditions laid down by the Exchange for voluntary delisting. The Exchange may, for any reason whatsoever, refuse to accept the voluntary delisting application of the company.

5.14.7. **Sponsors' Acceptance / Appeal:**

The Sponsors shall be required to convey their acceptance to the purchase price and quantum fixed by the Exchange within 10 days of being informed of the Exchange's decision. The purchase price accepted by the Sponsors shall be the Opening Price as well as the Floor Price from the next trading day.

The company may file an appeal against the Exchange's decision with the Commission within 10 days of being informed of the Exchange's decision. The decision taken by the Commission shall be final and binding.

If the Sponsors do not convey their acceptance to the purchase price and quantum fixed by the Exchange and also do not file an appeal with the Commission within the stipulated time under PSX Regulations, the voluntary delisting application shall stand withdrawn.

5.14.8. **General meeting of shareholders:**

The company shall call a general meeting of its shareholders, within 30 days of the Sponsor's Acceptance, and pass a special resolution resolving that the securities be delisted on the price and terms stipulated by the Exchange. A copy of the special resolution shall be submitted to the Exchange.

The Sponsors shall not withdraw their voluntary delisting application after the voluntary delisting proposal has been approved by the company's shareholders in a general meeting.

5.14.9. Post-General Meeting:

Within 7 days of the approval of the shareholders in a general meeting, the company shall submit the following to the Exchange:

- (a) Sponsors' Bank Guarantee to secure their obligation valid for a period of 15 days from the expiry date of the Initial Buyback Period. (Bank Guarantee Amount = Number of Shares held with Minority Shareholders * Purchase Price); and
- (b) Draft notice containing the Terms & Conditions of buyback to be published in two widely circulated newspapers.

Moreover, within 7 days of the approval of the shareholders in a general meeting, the company shall:

- (a) Convey to all the minority shareholders the decision taken in the general meeting along with a copy of the special resolution; and
- (b) Publish notice containing the Terms & Conditions of buyback in two widely circulated newspapers.

5.14.10. Initial Buyback Period:

For a period of 60 days, the Sponsors shall be obliged to purchase shares from minority shareholders through the Purchase Agent at the price approved in the company's general meeting. All trades shall be conducted only through the Exchange's Trading System irrespective of marketable lot. The Purchase Agent shall be required to maintain a live bid in the Trading System at the minimum purchase price approved in the company's general meeting and any executed trade shall be based on market forces.

5.14.11. Post-Initial Buyback Period:

Within 7 days of completion of the Initial Buyback Period or such extended number of days as may be specified by the Exchange, the company shall submit the following information to the Exchange in tabular form:

Pre-Initial Buyback Period			During Initial Buyback Period			Post-Initial Buyback Period		
Particulars	No. of Shares	% of Shares	Particulars	No. of Shares	% of Shares	Particulars	No. of Shares	% of Shares
Sponsors			Shares purchased by the Sponsor			Sponsors		
Minority Shareholders				Minority Shareholders				

5.14.12. Successful Buyback:

If the Sponsor successfully acquires the quantum determined under PSX Regulation 5.14.5. and approved by the shareholders in a general meeting, the Sponsors' offer for buyback shall be deemed successful. The company shall be subsequently delisted from the Exchange.

5.14.13. Public Notice Post-Successful Buyback:

The company shall publish a notice in two widely circulated newspapers informing the remaining minority shareholders that the Initial Buyback Period has lapsed and any minority shareholder who still wishes to sell his shares may do so within a further period of one year from the conclusion of the 60-day Initial Buyback Period by contacting the Purchase Agent. The same information shall also be intimated to minority shareholders via email and/or registered post, as may be appropriate.

5.14.14. Sponsors' Ongoing Obligation:

The Sponsors shall remain obliged to purchase shares from minority shareholders through their Purchase Agent at the price approved in the company's general meeting for a further period of one year from the 60-day Initial Buyback Period.

5.14.15. Regulation 5.14. shall not be applicable on SPACs.

5.15. DELETED:

5.16. DELETED:

5.17. DELETED:

5.18. RELAXATION:

Where the Exchange is satisfied that it is not practicable to comply with any requirement pertaining to voluntary delisting under these Regulations, in a particular case or class of cases, the Exchange may, for reasons to be recorded, relax such requirement subject to such conditions as it may deem fit.

5.19. LISTING AND ANNUAL FEES:

5.19.1. LISTING FEE SCHEDULE:

- (a) A company applying for listing on the Exchange, shall pay an initial listing fee equivalent to one tenth of one percent of the PAID-UP-CAPITAL subject to a maximum of rupees one million and five hundred thousand.

Provided that in case of Open-Ended Mutual Funds, the initial listing fee shall be charged at the rate of one twentieth of one percent of the amount of total fund size of Mutual Fund subject to a maximum of Rupees 0.5 million.

- (b) Whenever, a listed company increases the paid-up capital of any class or classes of its shares, or securities listed on the Exchange, it shall pay to the Exchange a fee equivalent to 0.2% of increase in Paid-Up Capital.
- (c) Every listed company shall pay, in respect of each financial year of the Exchange, commencing from 1st July and ending on 30th June next, an annual listing fee calculated on the basis of the company's *market capitalization, in accordance with following schedule, subject to a maximum of Rupees five million:

* **Explanation:** For the purpose of this sub-clause, the market capitalization shall be calculated by multiplying the last one year's volume weighted average price with the company's outstanding ordinary shares as on June 30, of the preceding year.

Rate of Fee applicable with effect from July 01, 2020:

COMPANIES HAVING MARKET CAPITALIZATION AS ON JUNE 30	RATE OF FEE PER ANNUM
Up to Rs.100 million	Rs. 100,000
Above Rs.100 million & up to Rs. 250 million	Rs. 100,000+0.075% on excess over Rs.100 million
Above Rs. 250 million & up to Rs.500 million	Rs. 212,500+0.06% on excess over Rs. 250 million
Above Rs. 500 million & up to Rs.1,000 million	Rs. 362,500+0.025% on excess over Rs. 500 million
Above Rs. 1,000 million & up to Rs. 2,000 million	Rs. 487,500+0.015% on excess over Rs.1,000 million
Above Rs. 2,000 million & up to Rs.10,000 million	Rs. 637,500+0.013% on excess over Rs.2,000 million
Above Rs.10,000 million & up to Rs.20,000 million	Rs. 1,677,500+0.005% on excess over Rs.10,000 million
Above Rs. 20,000 million & up to Rs.50,000 million	Rs. 2,177,500+0.0015% on excess over Rs.20,000 million
Above Rs.50,000 million	Rs. 2,627,500+0.001% on excess over Rs.50,000 million

Provided that in case of Open-Ended Mutual Funds, the annual listing fee of PKR 25, 000 shall be payable in respect of each financial year of the Exchange, commencing from 1st July and ending on 30th June next, before the 30th September in each calendar year.

Provided further that the Board may revise the above fees or any of the slabs or add new slabs with the approval of the Commission.

Provided further that every company applying for listing shall not be charged annual listing fee for twelve (12) months from the date of its listing.

- (d) The above Listing fee or any other sum fixed by the Board shall be payable by 30th September in advance for every financial year.
- (e) Failure to pay the annual fee by 30th September shall make the company liable to pay a surcharge at the rate of 1.5 per cent (one and a half per cent) per month or part thereof, until payment. However, if reasonable grounds are adduced for nonpayment or delayed payment of annual fee, the Exchange may, reduce or waive the surcharge liability.
- (f) A company applying for enlistment on the Exchange shall, in addition to other fees, pay a sum of Rs. 50,000/- (Rupees fifty thousand only) as non-refundable service charges. An open-end mutual fund applying for listing on the Exchange shall pay a sum of Rs. 25,000/- (Rupees Twenty Five Thousand only) as non-refundable service charges.

Provided that where a company withdraws or where the Exchange refuses the listing application, for any or whatsoever reasons, the Exchange may charge additional service fee, equivalent to initial listing fee or PKR 450,000, whichever is lower, which may be adjusted from the initial listing fee paid by such company under Clause 5.19.1 (a) of these Regulations.

- (g) A company applying for revalidation of approval earlier granted by the Exchange for issue, circulation and publication of prospectus upon lapse of its validity shall pay to the Exchange a revalidation fee at the rate of one twentieth of one percent of paid up capital subject to a maximum of Rs.1 million.

Provided that such fee shall be charged only in cases where validity of approval of the Commission for issue, circulation and publication has also lapsed.

5.19.2. LISTING FEE PAYMENT PROCESS:

- (a) All Exchange dues shall be paid by cheques, pay orders or bank drafts payable to the Exchange at any Bank Branch located in Karachi.
- (b) Without prejudice to the action which the Exchange may take under these Regulations in the event of default in payment of its dues, nothing shall prevent the Exchange from recovering such dues through posting defaulters names on the notice board of the Exchange or by invoking the process of law and obtaining order of a competent court.

5.19.3. DISCIPLINARY ACTIONS AGAINST NON-PAYMENT OF PENALTIES:

- (a) Without prejudice to various specific or other Penalties provided or available under these Regulations, the Exchange shall have powers to place the company in the Defaulters Segment, suspend or delist it, if in the opinion of the Exchange, such company has defaulted or contravened any of these Regulations.
- (b) The placement of a company in the Defaulters Segment, its suspension or de-listing under Regulations 5.11. or the preceding sub-regulation shall be communicated to the Commission, such company and simultaneously notified to the market participants, inter-alia by posting it on the notice board and website of the Exchange and publishing it, if deemed necessary, in the Daily Quotations of the Exchange.
- (c) Trading in the securities of a suspended or de-listed company shall forthwith cease and shall not commence until the suspension is withdrawn or the de-listing is restored by the order of the Managing Director of the Exchange.
- (d) Trading in the securities of a company placed in Defaulters' Segment, if allowed, shall be affected separately and the prices shall also be quoted separately in the Daily Quotations until such company is removed from the Defaulters' Segment and restored to the ready market of the Exchange.
- (e) No listed company shall appoint a person as an external auditor or a person involved in the audit of a listed company who is a close relative, i.e., spouse, parents, dependents and non-dependent children, of the CEO, the CFO, an internal auditor or a director of the listed company.
- (f) Every listed company shall require external auditors to furnish a Management Letter to its board of directors within 45 days of the date of audit report:

Provided that any matter deemed significant by the external auditor shall be communicated in writing to the Board of Directors prior to the approval of the audited accounts by the Board.

5.20. COMPLIANCE WITH ACCESS TO INSIDE INFORMATION REGULATIONS, 2016:

- (a) All Listed Companies shall maintain and regularly update a register to enlist persons employed under contract or otherwise, who have access to inside information, in the manner as provided in Access to Inside Information Regulations, 2016 as may be amended from time to time.
- (b) For the purpose of sub-clause (a), a Listed Company shall designate a senior management officer who shall be responsible for entering or removing names of persons in the said register in a timely manner. The said designated officer shall be obliged to keep proper record including basis for inclusion or exclusion of names of persons in the said list and make the same available as and when required by the Commission.

5.21. DISCIPLINARY ACTIONS:

5.21.1. Any Listed Company which fails or refuses to comply with, or contravenes any provision of these Regulations, or knowingly and willfully authorizes or permits such failure, refusal or contravention, shall, be liable to disciplinary action(s) by the Exchange as specified below:

- (a) Issue an Advice;
- (b) Issue a warning in writing to act more carefully and vigilantly.
- (c) Reprimand in writing that the conduct warrants censure;
- (d) Impose any one or more conditions or restrictions;
- (e) Direct to take remedial actions to rectify its non-compliance(s);
- (f) Impose a fine as specified below:

REGULATION NO.	AMOUNT OF PENALTY	AMOUNT OF PENALTY FOR EVERY DAY DURING WHICH THE DEFAULT CONTINUE
5.7.2.(b)	-	Rs.1,000
5.5.10., 5.6.9., 5.6.10(i), 5.7.1., 5.8.2.(a)(i)	-	Rs. 5,000
5.8.1.(a)	-	Rs. 10,000
5.7.1.	Rs. 10,000	-
5.14.	Rs. 200,000	Rs. 10,000

Provided where reasonable grounds are adduced by a company and after taking into account the factors including but not limited to the severity and frequency of non-compliance of such company, the Exchange may waive or reduce the applicable fine under this Chapter and/or initiate any one or more disciplinary actions laid down under sub-clause (a) to (e) of this clause.

5.21.2. In cases where specific Penalty provisions have not been provided in these Regulations then whoever fails or refuses to comply with, or contravenes any provision of these Regulations, or fails to comply with directions, decisions, notices, guidelines, clarifications and circulars of the Exchange or fails to provide any required information or provides incomplete, false, forged or misleading information to the Exchange as may be required from time to time, or knowingly and willfully authorizes or permits such failure, refusal or contravention, shall, be liable to fine not exceeding five hundred thousand rupees for each default, and, in case of continuing failure, refusal or contravention, to a further fine not exceeding Rs.10,000/- (Rupees ten thousand only) for every day after the first day during which such contravention continues.

No such penalty shall be imposed unless an opportunity of being heard has been granted.

5.21.3. The amount of penalty shall be paid to the Exchange.

5.21.4. Any action under this Regulation shall be without prejudice to the action or steps taken by the Commission, any other authority or person.

No company which has been suspended or de-listed, as the case may be, shall be restored and its shares shall be re-quoted on Exchange until it has paid the full amount of penalty for the days of the default and receives the assent of the Managing Director of the Exchange for the restoration.

5.22. REVERSE MERGER REGULATIONS:

5.22.1. The following clauses shall be applicable on the Listed Company in relation to Reverse Merger transactions, for ensuring timely disclosure of information and compliance with all applicable requirements of this Chapter.

5.22.2 Every Listed Company, in order to enable the Exchange to determine its status as Listed Shell Company and assess applicability of the provisions prescribed in relation to Reverse Merger, shall intimate the Exchange immediately upon approval by its board of directors to consider the proposal received from Operating Unlisted Company for merger. The Listed Company shall also obtain from the Operating Unlisted Company and submit to the Exchange, confirmation that the Operating Unlisted Company has received the approval by the board of directors of the Listed Company to initiate merger negotiations with the Operating Unlisted Company.

5.22.3 The Exchange may require the Listed Company to provide any additional information as deemed appropriate, for determining the proposed transaction as a Reverse Merger. The Exchange shall communicate in writing, within a maximum period of 15 days from the date of receipt of such intimation, if the proposed transaction is a Reverse Merger or otherwise. In case the Exchange confirms that the proposed transaction is a Reverse Merger, the Listed Shell Company shall ensure compliance with all applicable requirements as provided for herein below.

5.22.4 The Listed Shell Company shall submit to the Exchange the information / documents as mentioned in Annexure-II to this Chapter and give an undertaking on non-judicial stamp paper confirming that the proposed Surviving Company shall fulfill the following conditions:

- (a) The minimum paid-up capital shall not be less than Rs. 200 million;
- (b) The minimum Free Float shall not be less than 25% of the issued share capital and 5 million Free Float shares within one year from the date of approval of the scheme of arrangement by the competent authority;
- (c) The Promoters/ Sponsors/ Controlling Directors / Majority Shareholders are / were not also the Promoters/ Sponsors/ Controlling Directors / Majority Shareholders in a:
 - i. Listed Company, which is in the Defaulters' Segment; or
 - ii. Listed Company, which was delisted due to noncompliance of any applicable provision of these Regulations within the past five years; or
 - iii. Corporate Brokerage House whose TRE Certificate has been cancelled/forfeited by the Exchange or any other 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; or declared defaulter by the Exchange or any other stock exchange of Pakistan that existed prior to January 11, 2016 or the NCCPL, due to noncompliance of any applicable rules, regulations, notices, procedures, guidelines etc. but shall not include any TRE Certificate surrendered voluntarily to the Exchange, if such TRE Certificate Holder does not have any pending investor claims.
- (d) It is not an associated company or a wholly owned company of any other Listed Company, which is in the Defaulters' Segment or trading in its shares is suspended due to violation/non-compliance of laws.
- (e) There are no overdue loan/ payments to any financial institution against the CEO/ Promoters/ Sponsors/ Directors/ Major Shareholders of the Surviving Company either in their individual capacity or as CEO, Director, Partner or Owner in any Company, Firm or Sole Proprietorship;
- (f) There are no overdue loan or payments to any financial institution against the Operating Unlisted Company, its associated or group companies and undertakings;
- (g) None of its Sponsors, Major Shareholders, Directors and Management, Associated Company or undertaking has been declared to have been involved in any fraudulent activity by the Commission, SBP or any other investigation agency or a court;
- (h) None of the Sponsors, Major Shareholders, Directors and Management, Associated Company or undertaking of the Listed Shell Company has been declared involved in any fraudulent activity by the Commission, SBP or any other investigation agency or court;
- (i) The shares of sponsors shall be inducted into CDS in freeze status for a period of not less than three years and the sponsors shall not be allowed to sell their shares during this period;
- (j) It shall ensure compliance with all requirements of these Regulations.

Provided that the condition (d) shall not apply to directors nominated by the Government or by Financial Institutions as creditors.

5.22.5 The Listed Shell Company shall obtain confirmation from the Exchange that it has complied with the requirements of this Clause and any other condition specified by the Exchange before seeking the shareholders' approval for a scheme of Reverse Merger.

- 5.22.6 If a Listed Shell Company enters into a scheme of Reverse Merger without complying with any requirement(s) of this Clause and any other specified condition, the Exchange shall place such Company or the Surviving Company, as the case may be, in the Defaulters' Segment and/or initiate any other actions including suspension of trading in its shares or delisting as determined by the Exchange.
- 5.22.7 Where the Exchange is satisfied that it is not practicable to comply with any requirement pertaining to Reverse Merger as provided in these Regulations, in a particular case or class of cases, the Exchange may, for reasons to be recorded, relax such requirement subject to such condition(s) as it may deem fit.

5.23. DISSEMINATION OF INFORMATION RELATING TO STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019:

The Exchange shall disseminate on its website information relating to statement of compliance of Listed Companies with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and auditor's review report thereon, as reported by their auditor in annual report, for the information of public.

5.24. POWER TO OBTAIN DOCUMENTS:

The Exchange may, by issuing a notice in writing, require a Listed Company/management company, trustee, or its directors, officers, employees or advisers to produce any documents/information (whether in documentary or electronic form) for investigating into a matter of possible breach of any relevant provision of these Regulations.

ANNEXURE - I

DOCUMENTS TO BE UPLOADED ALONG WITH LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded by the applicant company or by the Consultant/Lead manager through PRIDE:

1. An application for Listing on Form I.
2. Undertakings on Form-II and Form-III.
3. Certificate of incorporation.
4. Conversion certificate from private to 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 listing and issue of shares to the general public.
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. Certificate of registration of Modaraba Management Company, if required.
10. Authorization for flotation of Modaraba by the Registrar of Modarabas.
11. Prospectus.
12. Audited accounts of the company, for the last two years or for a shorter period in case the company is in existence for a shorter period, as applicable.
13. Last page of the full prospectus and abridged prospectus, if any, duly signed by every person who is named therein as director of the issuing company. Signatures of the directors must be witnessed by the company secretary.
In case of offer for sale of shares, last page of the full prospectus and abridged prospectus if any signed by every Offeror or the persons authorized in writing by the Offerors.
14. No Objection Certificates from the Underwriter(s) to the Issue/Offer, if any, on Form-IV.
15. Letter jointly signed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the company confirming that they have reviewed the contents of the draft prospectus/offer for sale document and to the best of their knowledge and belief these have been stated/disclosed correctly and fairly.
16. An undertaking on non- judicial stamp paper by the CEO and CFO of the Issuer on the format given in Section-1 (Inside Cover Page) of First Schedule of the Public Offering Regulations duly certified by the oath commissioner.
17. 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.
18. Undertaking from the Sponsors of the Issuer on non-Judicial stamp paper that IPO proceeds shall be utilized as per the purpose disclosed in the prospectus duly certified by the oath commissioner.
19. Declaration from the Issuer about the loan amounting to Rs. 500,000 or more written-off by a financial institution during last five years as per Form V.
20. Affidavit from the company affirming, under oath, that the company, has no overdue payment to any financial institution.
21. 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 VI).
22. Application/Declaration of CDS eligibility.
23. Material contracts and agreements relating to the public issue/offer of shares and project, if any.
24. 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.

25. Title deeds of land duly attested by a gazetted officer.
26. Consent Letters from the Consultant to the Issue, the Book Runner, where required, the underwriters, if any, the share registrar and balloter, auditor, expert and legal advisor to the issue, if any.
27. Consent Letter from Bankers to the issue/offer. The letter shall state that:
 - i. the Bank has given its consent to act as one of the Bankers to Issue/Offer;
 - ii. this consent has not been withdrawn;
 - iii. it has no objection on publication of its name in the prospectus/offer for sale document;
 - iv. the bank has undertaken that the subscription money shall be kept in a separate bank account and shall not be released to the company/the Offeror without prior written approval of the Exchange and/or until the company is formally listed.
28. Individual consent letters from all directors, CEO, CFO and secretary of the company for publishing their names in their respective capacity in the Prospectus/Offer for sale document.
29. Any other document/material/information as may be required by the Exchange for its own record or for inclusion in the prospectus/offer for sale document.
30. Payment of applicable fee and charges as mentioned in Regulation No. 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 I

LISTING APPLICATION

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

Dear Sir/ Madam,

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

Yours faithfully,

SIGNATURE & ADDRESS

Cc. to:

The SECP,
ISLAMABAD (as required under Securities Act)

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 Listing of Companies and Securities Regulations, directions, decisions, notices, guidelines, clarifications and circulars 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 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 be in conformity 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 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 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 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

Dated: _____

To:
The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

UNDERTAKING

We, M/s _____ have applied for Listing of our Company on your Exchange. In case our application is approved, we hereby undertake as under:-

- (1) That we will issue shares in scripless form in the Central Depository System (CDS) within 10 working days from the date of close of public subscription.
- (2) That shares shall be directly credited through book entry into the respective CDC accounts of the allottees maintained with Central Depository Company of Pakistan Limited (CDC).

MANAGING DIRECTOR/CHIEF EXECUTIVE

FORM IV

The General Manager,
Listing Department,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

Dear Sir/ Madam,

Re: **NO OBJECTION CERTIFICATE**

We the undersigned have entered into an Underwriting Agreement with M/s. _____
on _____. The terms of which are as follows:

- | | |
|---|---------------------|
| i) Total Number of Shares Underwritten | _____ |
| ii) Face Value | Rs. _____ per share |
| iii) Premium Value (if any) | Rs. _____ per share |
| iv) Total Value (Including Premium) | Rs. _____ per share |
| v) Amount of Underwriting | Rs. _____ |
| vi) Underwriting Commission | _____ % |
| vii) Take-up Commission | _____ % |
| viii) The Underwriting Agreement is Valid up to | _____ |

We further confirm that we have not entered into any buy back or repurchase agreement in respect of the shares underwritten with the sponsors or any other person under the said agreement.

Yours truly,

Name and Designation of the Underwriter

FORM V

Dated:

DECLARATION

We, the undersigned, hereby declare, represent and warrant pursuant to Regulation 5.2.1 (b) of PSX Regulations:

- (1) that Company complies with the governing laws and regulations of the Exchange; and
- (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 last five years was Rs.....

Authorised Signatories

Authorised Signatories

FORM VI

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

ANNEXURE - II

DOCUMENTS TO BE UPLOADED ON PRIDE PURSUANT TO REVERSE MERGER

The following documents and information shall be uploaded by the Listed Shell Company through PRIDE:

A. PRE SHAREHOLDER APPROVAL:

A Listed Shell Company, prior to seeking shareholders' approval to a scheme of Reverse Merger, shall upload through PRIDE all the relevant information including but not limited to the following:

- (i) Resolutions along with the draft Scheme of Reverse Merger approved by the Board of Directors of Listed Shell Company and the Operating Unlisted Company;
- (ii) Complete report of Valuation of both the Listed Shell Company and the Operating Unlisted Company by an independent firm of practicing chartered accountants having satisfactory Quality Control Review awarded by the Institute of Chartered Accountants of Pakistan and Swap Ratio duly verified by the said Auditor;
- (iii) Corporate profile of both the Listed Shell Company and the Operating Unlisted Company;
- (iv) Name and profile of each member of the Board of Directors of Listed Shell Company and the Operating Unlisted Company;
- (v) Detail of directorships of the directors of both the Listed Shell Company and the Operating Unlisted Company in other companies;
- (vi) Pattern of shareholding of both the Listed Shell Company and the Operating Unlisted Company;
- (vii) Complete group structure including subsidiaries and associates, if any, of the Listed Shell Company and the Operating Unlisted Company;
- (viii) Business plan of the proposed Surviving Company including its financial projections for at least five years;
- (ix) Name and profile of each member of the Board of Directors of the proposed Surviving Company;
- (x) List of Promoters / Sponsors / Controlling Directors of the proposed Surviving Company;
- (xi) Proposed capital structure of the proposed Surviving Company;
- (xii) Profile of key management employees including relevance of their experience for running the Surviving Company;
- (xiii) Latest financial statements including financial highlights along with key financial ratios of both the Listed Shell Company and the Operating Unlisted Company duly audited by a QCR rated audit firm;
- (xiv) Scheme of Reverse Merger to be placed for Shareholders' approval;
- (xv) Due diligence of the transaction conducted by an independent financial institution, audit firm, law firm, company registered with the Pakistan Engineering Council as consultant and whose name appears as a valuer on the panel of Pakistan Banks Association companies, other company whose name appears as a valuer on the panel of Pakistan Banks Association, and company registered with the Commission as a valuer, or any other expert having relevant expertise and experience;
- (xvi) Affidavit, under oath, that the CEO/Promoters/ Sponsors/ Directors/ Major Shareholders of the Surviving Company, either in their individual capacity or as CEO, Director, Partner or Owner in any Company / Firm / Sole Proprietorship, have no overdue payment to any financial institution;
- (xvii) Affidavit, under oath, that the proposed Surviving Company, its associated/ group companies and undertakings have no overdue loan/payment to any financial institution;
- (xviii) All risk factors associated with the proposed Surviving Company, its management, operations, industry it belongs to, capital market, law and order situation etc.
- (xix) Any other document/ information as may be required by the Exchange

B. POST SHAREHOLDER APPROVAL:

A Listed Shell Company, after seeking shareholders' approval to a scheme of Reverse Merger, shall upload through PRIDE the following documents / information:

- (i) Certified true copy of resolution adopted by the shareholders along with copy of Scheme of Reverse Merger approved by the shareholders;
- (ii) Certified true copy of Order of the Commission / Court / any other competent authority, sanctioning the Scheme of Reverse Merger;
- (iii) Certified true copy of Form-3 i.e. Return of Allotment as filed with the Registrar of Companies;
- (iv) Auditor's Certificate confirming any required increase in the paid-up capital of the Surviving Company;
- (v) Payment of additional listing fee on the increase in paid-up capital of the Surviving Company;
- (vi) Any other document/ material information as may be required by the Exchange.

Notes:

- i) All material, price sensitive information by the Listed Shell Company shall also have to be uploaded on PUCARS.
- ii) Scanned copies of all the documents shall be certified by the Company Secretary/CEO.
- iii) 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.
- iv) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.