

Chapter 5B: LISTING OF DEBT SECURITIES REGULATIONS

5B.1. APPLICABILITY OF REGULATIONS:

- 5B.1.1. All the provisions provided in the Public Offering Regulations, 2017 and Chapter 5 of these Regulations, presently in force or as amended from time to time, shall be applicable unless otherwise provided in this chapter.
- 5B.1.2. The provisions of this Chapter shall not apply to the matters relating to Government Debt Securities (GDS) Market Regulations as provided in chapter 6 (Government Debt Securities (GDS) Market Regulations) of these Regulations.

5B.2. DEFINITIONS:

- 5B.2.1. In this chapter, unless the subject or context otherwise requires:
- “Companies Act”, means the Companies Act, 2017 (XIX of 2017);
 - “Debt Security” shall mean any instrument creating or acknowledging indebtedness which is issued or proposed to be issued by an Issuer including, in particular, debentures, debenture stock, loan stock, bonds, notes, commercial paper, sukuk or any other debt security of an Issuer, whether constituting a charge on the assets of the issuer or not;
 - “Debt Securities Trustee” shall mean a person as defined in the Debt Securities Trustee Regulations, 2017;
 - “GoP”, means the Government of Pakistan;
 - “Information Memorandum” for the purpose of this chapter shall mean a document outlining the salient features, risks and terms of Debt Securities circulated to pre-IPO Investors to assess demand for the Debt Securities and to enable the prospective Investors to make an informed investment decision;
 - “Public Offering Regulations”, shall mean the Public Offering Regulations, 2017 notified by the Commission and amended from time to time;
 - “Securities Act”, means the Securities Act, 2015 (Act No. III of 2015);
 - “Short Term” shall mean a period of one or less than one (1) year;
- 5B.2.2. Words and expressions used but not defined in these Regulations shall have the same meaning as are assigned to them in the Companies Act, Securities Act and Public Offering Regulations and in case of any inconsistency between the provisions of Public Offering Regulations and PSX Regulations, Public Offering Regulations shall prevail.

5B.3. ELIGIBILITY FOR LISTING:

- 5B.3.1. Any Issuer may apply for listing of its Debt Securities offered to the General Public under this chapter provided it fulfills the following criteria:
- it has commenced commercial operations;
 - it is allowed by the Commission to issue, circulate and publish prospectus for issue of such Debt Security;
 - its paid up capital is not less than Rs. 200 million and the total issue size including pre-IPO placement if any, is not less than Rs. 200 million;
 - for long term debt security (instruments with tenor exceeding one year), the instrument rating is not less than BBB+ and in case of short-term debt security the instrument rating is not less than A2;
- Provided that in case of short-term debt securities the condition of instrument rating may be waived, if the issuer has obtained entity rating and such rating is not less than “A-” (long term)/ “A2” (short term) and not more than six months old.
- Provided further that this condition shall not apply to Debt Securities backed by debt servicing guarantee from the GoP;
- any of its Securities is not on the Defaulter’s Segment of the Exchange, if it is already listed.
- 5B.3.2. The Exchange shall not entertain listing application of an Issuer:
- Where the Issuer, its sponsors/promoters, substantial shareholders and directors have overdues or defaults, irrespective of the amount, appearing in the report obtained from the credit information bureau.
 - 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:
 - Which has been declared defaulter by the securities exchange; or
 - Whose TRE Certificate has been cancelled or forfeited by the securities exchange, or
 - 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.

5B.4. CONDITIONS FOR LISTING OF DEBT SECURITIES:

The Issuer that intends to list any of its Debt Securities on the Exchange shall comply with the following conditions:

- 5B.4.1. Minimum allocation of a debt security to the General Public excluding the Pre-IPO investors shall be as under:
- in case issue size is up to Rs. 500 million, the allocation of debt security to the General Public shall not be less than Rs. 100 million or 25% of the issue size, whichever is higher;
 - in case issue size is above Rs. 500 million and up to Rs. 2 billion, the allocation of debt security to the General Public shall not be less than Rs. 125 million or 15% of the issue size, whichever is higher;

- (c) in case issue size is above Rs. 2 billion and up to Rs. 10 billion, the allocation of debt security to the General Public shall not be less than Rs. 300 million or 10% of the issue size, whichever is higher;
- (d) in case issue size is above Rs. 10 billion, the allocation of debt security to the General Public shall not be less than Rs. 1,000 million or 5% of the issue size, whichever is higher.

The Exchange, while keeping in view appetite for the Debt Securities being offered, may change the above allocation in any manner it may deem fit.

- 5B.4.2. The Issuer shall appoint a Debt Securities Trustee and continue such appointment until the Debt Security is fully redeemed.
- 5B.4.3. The Company Secretary or any other officer of the Issuer shall be designated as Compliance Officer who shall perform such functions as mentioned in regulation 5B.12.
- 5B.4.4. The Issuer, before publication of prospectus, shall obtain CDC's notice with respect to declaration of its Debt Security as CDS eligible Security.
- 5B.4.5. The Debt Securities shall be issued only in Book-Entry form.
- 5B.4.6. All Debt Securities other than Debt Securities backed by debt servicing guarantee from the GoP, shall be rated by a credit rating company registered with the Commission. The credit rating report of the entity and the instrument, where applicable, shall be prepared on the basis of the Issuer's latest audited accounts or on the basis of the Issuer's reviewed accounts if the audited accounts are older than six months.
- 5B.4.7. In case of secured Debt Security, the Issuer shall give an undertaking in the prospectus to the effect that the assets on which charge has been created are free from any encumbrances and if the charged assets are already charged to secure any other debt, consent of the creditors having charge on the charged assets has been obtained.
- 5B.4.8. The Issuer shall make available to the Exchange and to the bankers to the issue for distribution printed copies of the prospectus and application forms in the quantity to be determined by the Exchange and the bankers to the issue and the distribution agent, if any. The Issuer shall also accept applications on identical forms.
- 5B.4.9. The sponsors and directors of the Issuer shall not participate in subscription of Debt Securities offered to the General Public.
- 5B.4.10. In case there is any allocation of Debt Securities, out of the pre-IPO placement, if any, to the associated companies or associated undertakings of the Issuer, such allocation shall not in aggregate exceed 25% of the total issue;
- 5B.4.11. The prospectus with the application form shall be published by the Issuer in at least one widely circulated English and Urdu daily newspaper each at Karachi, Lahore and Islamabad or as the Exchange may in addition require, at least seven (7) days in advance but not more than thirty (30) days before the date of the opening of the subscription list.
- 5B.4.12. The prospectus and application form shall be placed on the website of the Issuer and the Consultant to the Issue.
- 5B.4.13. Allocation of a Debt Security, out of the pre-IPO placement, if any, to any single investor shall not exceed 25% of the total issue.
- 5B.4.14. The Issuer shall inform the Exchange, in writing, of the subscription received under the hand of an authorized person with certificate(s) from the bankers to the issue, within five (05) working days of the closing of subscription.
- 5B.4.15. The Debt Securities shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/ refunded within such time period as prescribed in the Public Offering Regulations, 2017.
- 5B.4.16. The Issuer shall ensure completion of the relevant requirements of formal listing of the Debt Security within ten (10) working days of the close of public subscription period or such shorter period of time as may be specified by the Commission from time to time.
- 5B.4.17. The Issuer shall, within ten (10) working days of closing of subscription list, pay brokerage to the TRE Certificate Holders of the Exchange at a rate not more than one per cent of the value of the Debt Securities actually sold through them.
- 5B.4.18. Any Issuer which makes a default in complying with the requirements of regulations 5B.4.16. and 5B.4.17. shall pay to the Exchange a penalty of Rs. 5,000/- (Rupees five thousand only) for every day during which the default continues. The name of Debt security may be notified to the TRE Certificate Holders of the Exchange and placed on the website of the Exchange.
- 5B.4.19. In case the Debt Security is not listed on the Exchange or the listing is refused by the Exchange, for any reason, whatsoever, the Issuer shall forthwith pay without surcharge all moneys received from the applicants in pursuance of the prospectus, and if any such money is not repaid within eight days after the Issuer becomes liable to repay it, the directors of the Issuer 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.
- 5B.4.20. An Issuer may issue Debt Securities which are convertible or exchangeable into ordinary shares provided such ordinary shares are listed on any recognized stock exchange.

5B.5. PROCEDURE FOR LISTING OF DEBT SECURITIES UNDER THIS CHAPTER:

For listing of Debt Securities under this chapter the following procedure shall be followed:

5B.5.1. The Issuer shall make an application on **Form-I** to the Exchange along with the documents/information as mentioned in **Annexure-I**. A copy of the complete application shall be submitted to the Commission for its record.

5B.5.2. The Issuer shall pay an initial and annual listing fee of such amount as mentioned in regulation 5B.9.

5B.5.3. The Exchange may require such additional evidence, declarations, affirmations, information or other forms to be filled up as it may consider necessary. The Exchange shall accept a listing application of an Issuer when it is deemed complete, i.e. when the Issuer has completed all necessary requirements of the Exchange.

5B.5.4. The Exchange shall complete its approval process for listing of a Debt Security within 15 working days from the date of complete submission of all required documentation and any other additional documentation as required by the Exchange.

Provided that in case of approval of Debt Security backed by debt servicing guarantee from the GoP, the approval process shall be completed within 10 working days from the date of complete submission of all required documentation and any other additional documentation as required by the Exchange.

5B.5.5. The Exchange may reject any application, made under this chapter, at its sole discretion if it deems that listing of the Debt Securities is not in the interest of the market, the Issuer does not meet the minimum eligibility criteria set out in this chapter or the Issuer is in contravention of these Regulations.

Provided that, the Issuer shall be given an opportunity of hearing by the Exchange before the listing application is rejected.

5B.6. ISSUE OF DEBT SECURITIES:

5B.6.1. Issue of Debt Securities to the General Public by the Issuer shall be made through a prospectus which shall be issued, circulated and published after approval by the Exchange and the Commission as required under the Securities Act and Public Offering Regulations. The prospectus shall contain such information, material and disclosures as required under the Securities Act, the Companies Act and the Public Offering Regulations; and

5B.6.2. The Issuer shall also comply with the guidelines for listing of Debt Securities as laid down by the Exchange and/or Commission from time to time.

5B.6.3. The audited accounts to be incorporated in the prospectus shall not be older than 8 months from the date of publication of the prospectus. The prospectus shall contain all disclosures mentioned in the Public Offering Regulations.

Provided that in case of initial public offering of Debt Securities, Listed Companies are allowed to publish the Prospectus 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.

5B.7. CONTENTS OF INFORMATION MEMORANDUM:

5B.7.1. The Information Memorandum, if any, to be circulated to pre-IPO investors for offer of Debt Securities shall contain at least such information as provided in Annexure-II to this chapter.

5B.7.2. Information Memorandum shall be a private document and shall be circulated only to pre-IPO investors. Information Memorandum shall not be used as a document inviting the General Public or a class of the General Public for subscription of Debt Securities and shall include a statement to this effect.

5B.8. POST LISTING REQUIREMENTS:

5B.8.1. Payment of markup, profit, interest or rent, as the case may be, and repayment of principal amount to Debt Security holders shall be credited in their respective bank accounts electronically.

5B.8.2. The instrument rating shall be reviewed annually based on the latest audited accounts by the credit rating agency registered with the Commission and revision in the rating shall be intimated promptly by the Issuer to the Exchange and the Debt Securities Trustee.

5B.8.3. The Issuer shall provide access to the Debt Securities Trustee to the books of accounts and record relating to the Debt Security.

5B.8.4. The Issuer shall submit to the Exchange and the Debt Securities Trustee minutes of the meeting of Debt Security holders within fourteen days of the date of such meeting.

5B.8.5. The Issuer shall maintain a register of Debt Security holders and inform the Exchange and the Debt Securities Trustee of the address where the register is kept.

5B.8.6. The Issuer shall provide to the Exchange and Debt Securities Trustee the following documents and information:

- (i) A statement regarding the payment of markup, profit, interest or rent, as the case may be, on Debt Securities and redemption of the principal amount, on semi-annual basis till complete redemption of such Debt Security;
- (ii) Copy of its latest audited annual, half-yearly and quarterly accounts as and when finalized along with key financial ratios. The key financial ratios must include at least the debt/equity ratio, current ratio, return on equity, return on assets, earning per share, debt service coverage ratio;
- (iii) Copy of any notice, circular, resolution, letter etc. including notice for meeting of the Debt Security holders, letter/circular issued to the Debt Security holders in connection with the Debt Security and resolution relating to new issue of Debt Securities by the Issuer;

- (iv) Certificate from its auditors regarding maintenance of 100% security cover in respect of the Debt Security, if it is secured. The certificate should be submitted on annual basis along with submission of the annual accounts;
 - (v) Certificate from its auditors regarding maintenance of redemption reserve, where required on annual basis.
- 5B.8.7. The Issuer shall in addition to the documents/information mentioned above, submit to the Exchange the following information, documents and reports:
- (a) Decision of the Board of Directors of the Issuer regarding prepayment of any debt obligation, if any;
 - (b) any delay or default in payment of profit or mark up or interest, or rent and principal amount on any other debt obligation and reasons thereof;
 - (c) the date, at least five working days in advance, of the meetings of its Board of Directors at which recommendation or declaration of issue of any Debt Security or any other matter affecting the rights or interests of holders of the Debt Security is proposed to be taken up;
 - (d) change, if any, of the Debt Security Trustee on same day;
 - (e) change, if any, subject to the provisions of the prospectus and the Trust Deed, in the nature and features of the Debt Security or in the rights or privileges of its holders as and when occurred;
 - (f) change, if any, in its accounting policies;
 - (g) change, if any, in the credit rating of the Issuer;
 - (h) change, if any, in its management and address of its registered office;
 - (i) change, if any, that may have effect on the rights and privileges of the Debt Security holders;
 - (j) change, if any, in the nature of business of the Issuer due to any reason;
 - (k) prohibitory order, if any, restraining the Issuer from transferring the Debt Security from the name of any Debt Security holder;
 - (l) any transaction whether related party or otherwise that adversely affects the interest of the Debt Security holders;
 - (m) any action against or by the Issuer which will result in the redemption, conversion, cancellation, retirement in whole or in part of the Debt Security;
 - (n) any action against or by the Issuer that would adversely affect payment of principal amount and profit/mark up/interest/rent on the Debt Security;
 - (o) any other information that is not in the public domain but necessary to be known to the holders of Debt Security to enable them to avoid creation of a false market in the Debt Security; and
 - (p) any other information/documents as required by the Exchange.
- 5B.8.8. The Issuer, till complete redemption of the Debt Security, shall ensure that:
- (a) The unclaimed profit, mark-up, interest or rent, if any, is not forfeited and is kept under a separate head of account namely, "Unclaimed Profit, Mark-up, Interest or rent";
 - (b) Proper book closure is announced for the purpose of payment of profit, mark-up, interest or rent, redemption of the principal amount, meeting of the Debt Security holders or for such other purposes as the Exchange may deem fit; and
 - (c) No modification has been made in the features of the Debt Security like in its term, coupon rate, conversion; redemption, security etc. by any manner otherwise than that as disclosed in the prospectus and the Trust Deed.
- 5B.8.9. Upon request, copies of its annual audited accounts and quarterly accounts are provided to the Debt Security holders.
- 5B.8.10. The Issuer shall provide a minimum of 7 days' notice to the Exchange prior to closure of Security Transfer Register, for any purpose, not exceeding 30 days in a year in the whole.
- 5B.8.11. No Issuer shall exercise any lien whatsoever on listed Debt Securities and nor shall there be any restriction on their transfer.
- 5B.8.12. In case the Issuer fails to pay its repayment obligations including interest, mark-up, profit or rent, as the case may, on the due date, it shall promptly inform the Exchange of such a default and call a meeting of the Debt Securities holders within 15 days of the due date to explain the reasons for default. Senior level representation from the Issuer, including Chief Executive, shall attend this meeting. The Exchange may notify the fact of such default and the name of the defaulting company by notice and also by publication of the same in the Daily Quotations of the Exchange.
- 5B.8.13. Save as provided in the Trust Deed, the Issuer shall not make any change in the charged assets i.e. the assets backing the Debt Security.

5B.9. PAYMENT OF LISTING FEE:

The Issuer shall pay to the Exchange initial listing fee and annual listing fee at the rate as mentioned below:

- (i) an initial listing fee equivalent to 0.075% of the total issue size of the Debt Security subject to a maximum of Rs. 3 million.
- (ii) an annual listing fee equivalent to 0.075% of the total issue size of the Debt Security subject to a minimum of Rs. 100,000 and maximum of Rs. 1 million 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.
- (iii) For 2 years after new proposed fee implementation, on issuances annual listing fee shall not be charged.
- (iv) Provided that clause (i) shall not be applicable on issuance by State Owned Enterprise; wholly or partially owned Government entities (irrespective of whether these entities and SOEs hold Government guarantees or not).
- (v) Provided that 25% discount shall be allowed in terms of annual listing fee after 2 years of initial listing to the issuance by State Owned Enterprise; wholly or partially owned Government entities (irrespective of whether these entities and SOEs hold Government guarantees or not).

- (vi) The Exchange with prior written approval of the Commission may revise the above mentioned initial and annual listing fees.

5B.10. FUNCTIONS OF A DEBT SECURITIES TRUSTEE:

The Debt Securities Trustee shall be responsible to perform such functions and duties as prescribed in the Debt Securities Trustee Regulations, 2017.

5B.11. DELETED

5B.12. FUNCTIONS OF THE COMPLIANCE OFFICER:

- 5B.12.1. The compliance officer shall be responsible for ensuring compliance by the Issuer with all the requirements of this chapter and the directives issued, if any, by the Exchange.
- 5B.12.2. The compliance officer shall report status of the compliance mentioned in regulation 5B.12.1 above at every meeting of the Board of Directors of the Issuer till complete redemption of the issue; and
- 5B.12.3. The compliance officer shall also report status of the compliance, mentioned in regulation 5B.12.1. above, directly to the Exchange and the Debt Securities Trustee.

5B.13. TRADING THROUGH BATS:

- 5B.13.1. The Debt Securities shall be traded at the Exchange's Bond Automated Trading System (BATS).
- 5B.13.2. Trading in Debt Securities listed under this chapter shall commence one trading day after the date of their formal listing.

5B.14. SUSPENSION OF TRADING:

The Exchange may suspend trading in any Debt Security where:

- (a) the integrity and reputation of the market has been or may be impaired by dealings in the Debt Security;
- (b) it considers that the Issuer has failed to comply with any provision of these Regulations including post listing requirements as provided under regulation 5B.8 or if payment of profit, mark-up, interest, rent or redemption of principal amount is delayed; or
- (c) the protection of investors so requires.

5B.15. DISCIPLINARY ACTIONS:

If the Exchange considers that the Issuer of any listed Debt Securities has defaulted or contravened any provision of this chapter, it may take any or all of the following measures:

- 5B.15.1. It may impose a fine on the Issuer not exceeding Rs. 100,000 for each default or contravention, and, in case of continuing default, 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.
- Provided that no such fine shall be imposed unless an opportunity of hearing has been granted;
- 5B.15.2. Issue a warning or censure;
- 5B.15.3. Publish the fact that the Issuer has been fined, or warned or censured; and/or
- 5B.15.4. It may place the Debt Security on the Defaulters' Segment and may suspend its trading if payment of profit, rent, mark-up, interest or redemption of principal amount is delayed.

5B.16. RELAXATION:

Where the Exchange is satisfied that it is not practicable to comply with any listing requirement(s) of this Chapter in a particular case or class of cases, or is necessary for development of debt capital market, the Exchange may, for reasons to be recorded, relax such requirement(s) subject to such conditions as it may deem fit. The Exchange shall also intimate the Commission in writing regarding any such relaxation within three working days of granting the same.

FORM I

LISTING APPLICATION

[This shall be on the Letterhead of the Issuer]

Dated: _____

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

Dear Sir/Madam,

1. We hereby apply for listing of (Name of the Debt Security) of (Name of the Company) on your Stock Exchange under Section 19 of the Securities Act read with 5B.5.1. of these Regulations.
2. Necessary documents/information as required under Annexure-I to Chapter 5B of PSX Regulations are attached herewith.

[Name, designation and signature of the CEO, CFO or the Company Secretary duly authorized by the Board of Directors of the Company by way of resolution to make an application on behalf of the Company.]

Copy for information to:

The Securities and Exchange Commission of Pakistan, Islamabad.

Annexure-I

DOCUMENTS TO BE UPLOADED ALONG WITH THE LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded for listing of debt securities by the Issuer itself or by Consultant/Lead manager, through PRIDE:

- (i) Listing application on Form I.
- (ii) An unconditional undertaking on non-judicial stamp paper (certified by the oath commissioner) by the Issuer on the format as given at Form-II.
- (iii) In case of an Issuer whose equity shares are not listed on the Exchange, following documents shall be provided:
 - i. Certificate of incorporation.
 - ii. Conversion certificate from private to public company; if applicable.
 - iii. Certificate for change of name of the company, if applicable.
 - iv. Memorandum and Articles of Association of the company.
 - v. 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.
- (iv) Resolution passed by the Board of Directors of the Issuer approving issuance of the Debt Securities to the General Public and submission of application to the Exchange for listing.
- (v) License, consent, approval, NOC etc. from the concerned regulatory authority for undertaking / carrying on the business.
- (vi) Prospectus.
- (vii) 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.
- (viii) 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.
- (ix) Affidavit from the company affirming, under oath, that the company, has no overdue payment to any financial institution.
- (x) Affidavit from company, its sponsors/promoters, directors, and major shareholders affirming, under oath, that they have no overdue payment to any financial institution.
- (xi) In case of secured Debt Security, an undertaking on non-judicial stamp paper (certified by the oath commissioner) by the Issuer stating that appropriate and sufficient security has been created in favour of the Debt Securities Trustee/Investment Agent, that the assets on which charge has been created in favour of the Debt Securities Trustee/Investment Agent are free from any encumbrances and that permission/NOC/consent of the existing creditors who have charge on such assets has been obtained for creation of charge on these assets in favour of the Debt Securities Trustee/Investment Agent.
- (xii) In case a part of the issue is allocated to pre-IPO investors, an undertaking on non-judicial stamp paper (certified by the oath commissioner) by the Company stating that pre-IPO investors shall subscribe to the Debt Security prior to the commencement of the public subscription, and that it shall provide a certificate from its auditors testifying receipt of the subscription money from all the pre-IPO investors prior to requesting the dates for publication of Prospectus/public subscription.
- (xiii) Power of attorney in favour of the Consultant to the Issue.
- (xiv) Trust Deed or Issuance Agreement as per the Structuring of Debt Securities Regulations, 2020 executed between the Issuer and the Debt Securities Trustee/Investment Agent.
- (xv) Security documents along with detail of charged assets, in case of secured debt issue.
- (xvi) Shariah Pronouncement Letter, where applicable.
- (xvii) Credit rating reports from any credit rating company licensed by the Commission, where applicable.
- (xviii) Information Memorandum, if any, prepared for circulation among the pre-IPO investors.
- (xix) Underwriting agreement(s).
- (xx) No Objection Certificate(s) from the underwriter(s) for publication of their name(s) in the prospectus and confirmation of non-execution of any buy-back/repurchase agreement(s) with the sponsors and/or with any other person(s).
- (xxi) Application to CDC or CDC notice with respect to declaration of its Debt Security as CDS eligible security.
- (xxii) Consent Letters from the Consultant to the Issue, Bankers to the Issue, Underwriter, Debt Securities Trustee/Investment Agent, Shariah advisor, if required, the share registrar and balloter, auditor, expert and legal advisor to the issue, if any.
- (xxiii) Undertaking from the Bankers to the Issue, confirming that the subscription money shall be kept in a separate bank account, which shall not be released to the Issuer without prior written approval of the Exchange and /or until the Debt Security is formally listed.
- (xxiv) Material contracts related to the Debt Security issue.
- (xxv) Payment of non-refundable initial & annual listing fee, as mentioned in this chapter, in favour of the Exchange.
- (xxvi) Any other documents/material contract and such other particulars as may be required by 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.

Annexure-II

CONTENTS OF INFORMATION MEMORANDUM

[Regulation 5B.7.1]

NOTE: This is a Guideline for Consultant to the Issue. The Exchange shall not be responsible for monitoring compliance with Annexure II.

The Information Memorandum, if any, prepared for circulation to pre-IPO investors shall contain at least the following information/disclosures:

- (i) On cover page the following shall be disclosed:
 - A. a disclaimer in bold letters stating that, "This is not a prospectus for issue of securities to the general public but a document prepared for the purpose of offering the Debt Security only to pre-IPO investors. This Information Memorandum has not been approved by the Securities & Exchange Commission of Pakistan (the Commission) or the Pakistan Stock Exchange Limited (the Exchange)";
 - B. a statement in bold letters stating that, "The Board of Directors of ... (Name of the Company) ... accepts responsibility for accuracy of the information contained in this document"; and
 - C. name of the Issuer, name of the entity preparing the Information Memorandum and date of the Information Memorandum.
- (ii) Table of contents, glossary of technical terms and acronyms, executive summary by the entity preparing the Information Memorandum, purpose of preparation of the Information Memorandum and their scope of work;
- (iii) Information about the Issuer like its name, date of its incorporation, registration number, addresses of its registered & head offices, date of its listing, if applicable, name of the stock exchange where it is listed, if applicable, its sponsors and major shareholders, associated companies/ undertakings etc.;
- (iv) Latest pattern of shareholding of the Issuer;
- (v) Names of the directors of the Issuer and their directorships in other companies;
- (vi) Profile of the management of the Issuer including all the members of the Board of Directors except directors nominated by the government or the creditors;
- (vii) Organization structure of the Issuer and its principal business;
- (viii) Future outlook/business strategy of the Issuer;
- (ix) Highlights of major restructuring, if any, like merger, demerger, amalgamation, acquisition, reorganization, financial restructuring etc.;
- (x) Three years financial highlights (or for a shorter period if 3 years of commencement of business are not completed) relating to cash flows and financial & operating position of the Issuer including key financial ratios like debt/equity ratio (pre & post issue), current ratio, return on equity, Earning Before Interest, Tax, Depreciation and Amortization (EBITDA), return on assets, earning per share; debt service coverage ratio, interest service coverage ratio etc. in tabular form;
- (xi) Salient features of the Issue and the Debt Security like issue size, tenure, rate of mark-up/ return/interest, nature of the instrument whether it is secured or unsecured, redeemable or perpetual, convertible or non-convertible, options like put option, call option/early redemption option, partial call option etc.;
- (xii) Redemption schedule;
- (xiii) Detail of the redemption reserve, if any;
- (xiv) Terms and conditions for investment in the Debt Security;
- (xv) Purpose of the issue and breakup of the utilization of the proceeds of the Issue;
- (xvi) In case the proceeds of the Issue are to be utilized for project financing, detail of such project like project cost, & means of financing, project implementation schedule, latest status of the implementation of the project, expected date of completion of the project, expected date of trial and commercial production etc.;
- (xvii) In case of issuance of the Debt Security by a Special Purpose Vehicle, detail of the securitization transaction, parties to the transaction and role of each such party, etc.;

- (xviii) Complete credit rating report of the entity and the instrument based on the Issuer's latest audited accounts, and duly reviewed if older than six months. In case where the instrument and entity rating is obtained from more than one credit rating agencies, all the ratings, including the unaccepted rating(s), shall be disclosed;
- (xix) Detail of security, if applicable, backing the instrument like nature of assets charged, book value of such assets, nature of charge created in favour of the Debt Securities Trustee (i.e. exclusive, parri passu or ranking), nature and amount of the existing charge(s) on the assets, names of the creditors who hold charge on these assets and status of NOC/consent of the existing creditors, creditor-wise and nature-wise break up of total existing debts etc.;
- (xx) Name of the Debt Securities Trustee, date of execution of the Trust Deed, authority of the Debt Securities Trustee under the Trust Deed, security enforcement mechanism by the Trustee in case of default by the Issuer;
- (xxi) All the risk factors associated with the investment in the Debt Security of the Issuer;
- (xxii) Basic information about the industry the Issuer belongs to, key players in the industry, basic raw material used by the Issuer, if any, and list of suppliers thereof, main clients of the Issuer, competitors of the Issuer, etc.;
- (xxiii) Summary of all the material contracts relating to the Issue and the project, if any;
- (xxiv) Names and contact details of the Issuer's bankers, legal advisors, transfer agent and consultant(s) to the issue;
- (xxv) Name(s) and contact details of the persons authorized by the Issuer in respect of offering/issuance of the Debt Security;
- (xxvi) The Issuer's credit history towards servicing of existing debts i.e. the mark up and principal amount on existing loans and Debt Securities issued by it paid on time; and
- (xxvii) Any loan amounting to PKR 500,000 or more written off by a financial institution during last 5 years.

Please note that the Information Memorandum should not contain any clause which is inconsistent with the terms of the Debt Security and the Trust Deed including its covenants.

FORM-II

UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER

UNDERTAKING

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

I, on behalf of ... (Name of the Issuer) ... duly authorized by its Board of Directors hereby undertake that:

- (i) the Company is authorized by its Memorandum of Association to issue the Debt Security;
- (ii) the Company shall ensure that the information provided in the documents along-with the application is true, correct and complete in all respect;
- (iii) the Company shall provide all the information/documents to the Exchange, Debt Security Trustee/Investment Agent and/or the Debt Security holders in the form and manner as required under these Regulations;
- (iv) the Company shall, all the time, comply with the requirements of these Regulations;

Dated:

Name and signature of the Authorized Person