

Chapter 5A: REGULATIONS GOVERNING LISTING AND TRADING OF EQUITY SECURITIES ON GROWTH ENTERPRISE MARKET

5A.1. DEFINITIONS:

5A.1.1. In this chapter, unless the subject or context otherwise requires:

- (a) "Accredited Investor" includes:
 - (i) Institutional investors; and
 - (ii) Accredited individual investors registered with NCCPL having:
 - i) assets of at least PKR 5 million; including but not limited to value of securities held in respective CDC investor account or sub account; or
 - ii) any other criteria or threshold as may be specified by the Exchange.
- (b) "Advisor to the Issue" means anyone of the following person that shall assist the Issuer in raising funds for the GEM:
 - (i) Consultant to the Issue Licensed by the Commission;
 - (ii) Securities Broker Licensed by the Commission;
 - (iii) Scheduled Bank; and
 - (iv) Accounting and Auditing Firm (Recognized by ICAP or ICMAP).
- (c) "Book Runner" means the same as defined in the Public Offering Regulations, 2017;
- (d) "Designated Institution" means an institution as defined in the Public Offering Regulations, 2017;
- (e) "Floor Price" in case of book building means the minimum price per share set by the Issuer;
- (f) "Growth Companies (GC)" means any company meeting the eligibility criteria for listing at GEM;
- (g) "Growth Enterprise Market (GEM)" means the board other than the ready board developed by the Exchange for listing and trading of equity securities of GC;
- (h) "Information Memorandum" means a document inviting the Accredited Investors for subscription or purchase of equity securities offered by the issuer though GEM;
- (i) "Institutional Investors" includes the following:
 - (i) A Financial Institution;
 - (ii) A Company as defined in the Companies Act;
 - (iii) An insurance company established under the Insurance Ordinance, 2000;
 - (iv) A trust established under relevant Trust Act applicable in Pakistan;
 - (v) A Securities Broker;
 - (vi) A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
 - (vii) A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005;
 - (viii) A private fund established under Private Fund Regulations, 2015;
 - (ix) Any employee's fund established for benefit of employees;
 - (x) Any other fund established under any special enactment;
 - (xi) A foreign company or any other foreign legal person; and
 - (xii) Any other entity as specified by the Commission.
- (j) "Issue" means offer of equity securities to the Accredited Investors by an Issuer;
- (k) "Issue Size" means the total number of equity securities offered to the Accredited Investors;
- (l) "Issuer" for the purpose of these regulations means a Company who has issued or proposes to issue equity securities and includes an Offeror;
- (m) "Market Maker" has the same meaning of Designated Market Maker as defined in chapter 2 of these Regulations;
- (n) "Market Making" means the continuous tender of two-way quotes by a Market Maker i.e. Bid Price and Offer Price for the purchase and sale of the equity securities of GC;
- (o) "Offer Price" means the price per share at which share are offered to the Accredited Investors in case of Fixed Price method;
- (p) "Offeror" means any person or entity holding, directly or indirectly, such number of equity securities as prescribed in these Regulations and offers such securities for sale to the Accredited Investors and includes an Issuer; and
- (q) "Price Band" in case of Book Building means Floor Price with an upper limit of 40% above the Floor Price, allowing Bidder to make Bid at Floor Price or within the Price Band.

5A.1.2. Words and expressions used but not defined in these Regulations shall have the same meanings as are assigned to them in the Companies Act, 2017 or Securities Act, 2015 or Public Offering Regulations, 2017.

5A.2. ELIGIBILITY CRITERIA FOR LISTING ON GEM:

Eligibility criteria for listing on GEM includes the following:

- (a) It is a public limited company;
- (b) The Issuer must have audited accounts for the last two preceding financial years;
Provided that this condition shall not apply in case of green field project;
- (c) The Issuer shall have post issue paid up capital of at least Rs. 25 million;
- (d) The Issuer shall offer at least 10% of the post issue paid-up capital of the Company to Accredited Investor by circulation of Information Memorandum;
- (e) The issuer shall offer the equity securities either through fixed price method or book building method;
Provided that in case of fixed price method the issue size shall be fully underwritten.
- (f) In case of Book Building, the issue size shall not be less than 5 million shares and Rs. 50 million;

- (g) Book building shall be conducted in accordance with the criteria prescribed by the Exchange in Annexure-II of this Chapter. In case of any ambiguity relating to book building method, procedure/criteria prescribed under Public Offering Regulations, 2017 shall prevail;
- (h) The minimum number of subscribers shall not be less than 10;
- (i) The issuer must have its own active/ functional website for disseminating the following information:
 - (i) Business activities of the Issuer;
 - (ii) Details regarding Board of Directors;
 - (iii) Past Financial performance;
 - (iv) Management details;
 - (v) Capital structure;
 - (vi) Shareholding details;
 - (vii) Name of group and associated Companies; and
 - (viii) Half yearly progress providing the status of the commitment mentioned in the Information Memorandum. etc.
- (j) The equity securities shall be issued only in Book-Entry form;
- (k) The promoters/ sponsors/ controlling directors are not also promoters/ sponsors/ controlling directors in other listed companies, which are in default of any Listing Regulation of the Exchange. None of its promoters, sponsors, or controlling directors is sponsor/ controlling director of a company which was delisted during last three years due to non-compliance with any of the Listing Regulations. However, this will not apply to nominee directors of the Government and Financial Institutions. The company shall also provide a list of Controlling Directors;
- (l) The Issuer is not an associated company of any other listed company (over which it has control), which has violated the Listing Regulations of the Exchange and is still in default of any Listing Regulation. However, this will not apply to nominee directors of the Government and Financial Institutions;
- (m) its Chief Executive has not served or is not serving as Chief Executive of a listed company which has significantly violated and/or failed to comply with any provision of Chapter 5 relating to "Listing of Companies and Securities Regulations" during his tenure as the Chief Executive;
- (n) the Issuer, its sponsors, promoters, substantial shareholders and directors have no over dues or defaults, irrespective of the amount, appearing in the report obtained from the Credit Information Bureau. This will not apply to the directors nominated by the Federal Government or any Provincial Government and the Financial Institutions.
- (o) its sponsors hold not less than 25% of the post issue paid up capital of the Issuer for a lock-in period of not less than three years;
- (p) its sponsors retain their entire shareholding in the Issuer and subsequent right and bonus shares issued thereon for a lock-in period of not less than twelve months;
- (q) For the purpose of clause (o) and (p) above, the lock-in periods shall start from the date of listing of the Issuer or from the date of commencement of commercial operation or production whichever is later, or till such additional period as may be specified by the Exchange; and
- (r) Subject to clauses (o) and (p) above, and with the approval of the exchange, the sponsors may sell their shareholding through block-sale and shall notify to the Commission change in particulars of their shareholdings in the form and manner as specified in section 103 of the Securities Act, 2015 and regulations made thereunder.

5A.3. ISSUE OF EQUITY SECURITIES AT PREMIUM:

An Issuer may issue equity securities at premium to the par value. Justification for the premium shall be disclosed in the Information Memorandum. Moreover, justification for issuing shares at par shall also be disclosed in the Information Memorandum.

5A.4. OFFER FOR SALE OF EQUITY SECURITIES BY THE OFFEROR:

5A.4.1. A person or group of persons, holding more than ten per cent equity securities of a company listed on GEM, may offer such equity securities for sale to the Accredited Investors subject to the conditions that the offer size of capital shall not be less than fifty million rupees.

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

5A.4.2. In case of offer for sale of equity securities of an unlisted company, the size of the offer of capital shall be in accordance with these Regulations.

Provided that offer for sale of equity by the existing shareholders of a company is not allowed in case of green field project.

5A.5. LISTING PROCEDURE:

5A.5.1. An Issuer that fulfils the eligibility criteria specified in clause 5A.2. may apply for listing of its equity securities on the GEM by making an application to the Exchange under section 19 of the Securities Act, 2015 on Form-I attached to this chapter accompanied with such information and documents as mentioned at Annexure-I to Form-I along with payment of initial listing fee as prescribed under this chapter.

5A.5.2. The Exchange may reject a listing application, at its sole discretion if it deems that listing of the Issuer is not in the interest of the market or the Issuer does not meet any of the eligibility criteria prescribed above.

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

5A.6. CONTENTS OF INFORMATION MEMORANDUM:

- 5A.6.1. The Information Memorandum, to be circulated to Accredited Investors for issuance/ offer of equity securities of the Issuer, shall contain at least such information as provided in Schedule-I of this chapter. This Schedule is meant as a guideline for all Advisors to the Issue and the Exchange shall not be responsible for ensuring its compliance.
- 5A.6.2. The Issuer and Board of Director of the Issuer shall be responsible for the accuracy of the content of the Information Memorandum.
- 5A.6.3. The Information Memorandum shall be signed by every director and CEO of the Issuer and shall be duly witnessed. Provided that in case of offer for sale, the Information Memorandum shall also be signed by every Offeror or the persons authorized in writing by the Offerors.
- 5A.6.4. The Issuer shall place the Information Memorandum on its own website and ensure that the Information Memorandum is also placed on the websites of the Exchange and the Advisor to the Issue.
- 5A.6.5. The Issuer shall not use the Information Memorandum as a document inviting the general public for subscription of equity securities and shall include a statement to this effect on the cover page of the Information Memorandum.
- 5A.6.6. The Exchange shall be granting approval after ensuring that the Issuer has complied with the eligibility criteria / requirement of the Regulations.

5A.7. APPOINTMENT AND DUTIES OF ADVISOR TO THE ISSUE:

The Issuer shall appoint an Advisor to the Issue through an agreement in writing, till the date of its formal listing on the GEM. The Advisor to the Issue shall perform the following duties:

- (a) Draft Information Memorandum in consultation with the Issuer;
- (b) Conduct road shows and pitch the issue to the Accredited Investors; and
- (c) Submit listing application to the Exchange on behalf of the Issuer.

5A.8. APPOINTMENT AND FUNCTIONS OF MARKET MAKERS:

If deemed appropriate and required, the Issuer may appoint a Market Maker, through an agreement in writing for market making of respective equity security.

Chapter 12 of these Regulations shall apply to the matters relating to appointment and functions of Market Makers in GEM.

5A.9. TRADING OF SECURITIES ON EXCHANGE, RISK MANAGEMENT AND ALLIED MATTERS:

5A.9.1. TRADING:

Any Securities Broker can trade on the GEM either on its own account or on account of its clients through the Trading System.

5A.9.2. MINIMUM ORDER SIZE:

The minimum order size for trading in equity securities shall be notified from time to time by NCCPL.

5A.9.3. MINIMUM FREE FLOAT:

The Issuer shall maintain at all times the minimum Free Float of 10% of its post issue paid up capital.

5A.9.4. CLEARING AND SETTLEMENT:

Clearing and settlement of the transactions executed at the GEM shall be done under T+1 settlement system through the NCCPL.

5A.10. APPLICABILITY OF THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019:

The applicability of the Listed Companies (Code of Corporate Governance) Regulations, 2019 on the companies listed on GEM shall be as approved by the Commission.

5A.11. APPLICABILITY OF SUBSTANTIAL ACQUISITION LAWS:

Any person who, directly or indirectly, intends to acquire voting shares of a Company listed on GEM, shall be subject to compliance with the provisions of the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

5A.12. AUDITED FINANCIAL STATEMENTS AND INFORMATION REQUIREMENT:

- 5A.12.1. The Issuer shall prepare its periodic financial statements as per the Companies Act, 2017 and shall get the same audited as per the Companies Act, 2017.
- 5A.12.2. The Issuer shall place its periodic financial statements on its website.
- 5A.12.3. The Issuer shall also immediately notify the Exchange about the placement of such information on its website.

5A.12.4. The Issuer shall submit half yearly progress report providing status of the commitment mentioned in the Information Memorandum, to the exchange for public dissemination.

5A.12.5. The Issuer shall place its half yearly progress report on its website.

5A.12.6. The Issuer shall have its financial statements audited by a QCR rated Chartered Accountant Firm.

5A.13. REPORTING AND DISCLOSURE BY ISSUER:

An Issuer listed under this Chapter shall be required to disseminate the following information:

(a) DISCLOSURE OF PRICE SENSITIVE INFORMATION:

Every Issuer shall communicate to the Exchange any non-public material information about the Issuer such as all decisions of its Board of Directors relating to cash dividend, bonus issue, right issue or any other entitlement or corporate action, change of management, significant change in its financial condition, sphere of activity and current and expected business performance or any other price-sensitive non-public information which if made public will likely cause a substantial change in the market price of its equity securities. Such information must be notified without delay to the Exchange according to the procedure laid down in the Exchange's Correspondence Manual.

(b) DISCLOSURE OF RELATED PARTY TRANSACTIONS:

Every Issuer shall communicate to the Exchange all related party transaction, without delay as soon as the terms of a transaction with a related party are agreed, according to the procedure laid down in the Exchange's Correspondence Manual. Such information should include the following:

- (i) Nature of the transaction and amount involved;
- (ii) Name of the related party(ies) and the nature and extent of their interest in the transactions;
- (iii) Effect of the transaction on the Issuer;
- (iv) Any other information necessary to enable Investors to evaluate the effect of the transaction on the Issuer; and
- (v) A statement that the directors, excluding those who are involved in the transaction as a related party, consider that the terms of the transaction are fair and reasonable in so far as its shareholders are concerned.

(c) REPORTING OF REGULATORY COMPLIANCE:

The Chief Executive Officer/ Managing Director of the Issuer shall:

- (i) be responsible for ensuring compliance by the Issuer with all the requirements of these Regulations and all other applicable rules, regulations, notices, guidelines, orders and the directives issued by the Commission or the Exchange from time to time;
- (ii) report status of the compliance mentioned in sub-clause (i) above to the Board of Directors of the Issuer and the Exchange within 15 days from the end of each half year; and
- (iii) act with due skills, diligence and care at all times.

(d) DISCLOSURE OF MISCELLANEOUS INFORMATION:

An Issuer shall notify, without delay, to the Exchange the information relating to:

- (i) any change in its accounting reference date;
- (ii) any change in its registered address;
- (iii) the resignation, dismissal or appointment of any director giving the date of such occurrences; and
- (iv) any other information in such form and within such timeframe as may be required by the Exchange.

(e) REPORTING OF SHARIAH DISCLOSURES:

- (i) Every Listed Company and Issuer of Listed Security meeting the criteria specified in Clause VII of Part I of Schedule IV of the Companies Act, 2017 shall disseminate to the Exchange such disclosures as are specified in that clause along with its half-yearly and annual accounts.
- (ii) The list of Listed Companies and Issuers of Listed Securities on which the requirements of clause (i) above are applicable shall be notified by the Exchange on its website.
- (iii) In case of non-compliance with the above clause, the Exchange shall take disciplinary action under clause 5A.15 of these Regulations.

5A.14. SUSPENSION, RESTORATION OF TRADING, DELISTING AND VOLUNTARY DELISTING FROM GEM:

Suspension of trading in securities, restoration of trading in securities, and delisting of Growth Companies from GEM shall be governed in accordance with the relevant provisions laid down in Chapter 5 of these Regulations. However, Voluntary delisting shall be dealt in accordance with the procedure prescribed by the Exchange.

5A.15. DISCIPLINARY ACTIONS:

If the Exchange considers that the Issuer has contravened any of the provisions of this chapter, it may take one or more of the following measures:

- (a) Censure the Issuer;
- (b) Impose a fine on the Issuer or the promoters, sponsors, directors and/ or CEO of the Issuer;
- (c) Publicly disclose the fact that the Issuer has been fined or censured;

- (d) Disclose the names of the directors and CEO of the Issuer through its website;
- (e) Place the Issuer in the Non-Compliant Segment;
- (f) Suspend trading in the shares of the Issuer; or
- (g) In case of non-compliance with clause 5A.13(e)(i), the Exchange shall impose a penalty of PKR 100,000 and a further penalty of PKR 2,000 for every day during which the non-compliance continues.

5A.16. EXIT FROM THE GEM:

A GC may be excluded from the GEM Board in the following events:

- (a) Voluntary de-listing;
- (b) Compulsory de-listing; or
- (c) Migration from GEM to the Exchange's Main Board.

5A.17. MIGRATION FROM GEM TO THE MAIN BOARD:

The Issuer may migrate from GEM to the Main Board after fulfilling the criteria prescribed by the Exchange. However, reverse migration from the Main Board to the GEM shall not be allowed.

5A.18. The Companies listed on GEM shall be at par with the companies listed on the Main Board in all matters except the voluntary delisting procedure/ process.

5A.19. INITIAL AND ANNUAL LISTING FEE:

5A.19.1. An Issuer applying for listing of its equity securities under this chapter shall be required to pay an initial listing fee equivalent to 0.05% of its post issue paid-up capital subject to a maximum of Rs. 50,000/-.

5A.19.2. Whenever the Issuer increases its paid-up capital, it shall be required to pay to the Exchange an additional listing fee equivalent to 0.05% of increase in the paid-up capital subject to a maximum of Rs. 50,000/-.

5A.19.3. The Issuer shall pay an annual listing fee for each subsequent financial year of the Exchange, commencing from 1st July and ending on 30th June, which shall be payable by or before the 30th September in each calendar year, as per the following schedule:

S. #	Issuer having Paid-Up Capital	Amount of fee
(i)	Upto Rs. 50 million	Rs.50,000/-
(ii)	Above Rs. 50 Mn & upto Rs.100 million	Rs.100,000/-
(iii)	Above Rs.100 million	Rs.200,000/-

Provided that the Exchange may relax/revise the above fees or any of the slabs or add new slabs as it may deem appropriate.

Provided further that every Issuer applying for listing shall pay annual listing fee for the entire financial year of the Exchange along with listing application irrespective of the date of its listing during the financial year.

5A.20. 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, 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.

5A.21. REPEAL:

The regulations governing listing and trading of equity securities of Small and Medium Enterprises (SMEs) are hereby repealed.

FORM I

LISTING APPLICATION

To:

The Secretary,

Pakistan Stock Exchange Limited,

Karachi.

Dear Sir,

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

Yours faithfully,

SIGNATURE & ADDRESS

c.c. to:

The Securities & Exchange Commission of Pakistan
ISLAMABAD - as required under Sub-Section (1) of Section 19 of the Securities Act, 2015.

Annexure-I

DOCUMENTS TO BE UPLOADED ALONG WITH LISTING APPLICATION THROUGH PRIDE

The following documents and information shall be uploaded by the Growth Company or by Advisor to the Issue through PRIDE:

1. An application for listing of Form-I.
2. Memorandum and Articles of Association containing copy of the certificate of incorporation.
3. Resolution passed by the Board of Directors of the Growth Company with respect to issue and listing of the shares.
4. Information Memorandum and audited annual accounts of the Growth Company for the last 2 years or for a shorter period, if two years of the commencement of business are not completed.
5. A statement containing particulars, dates 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.
6. Auditors' Certificates on the Growth Company's:
 - i. latest balance sheet;
 - ii. two years income statement containing EPS as well;
 - iii. paid up capital; and
 - iv. the break-up value per share on the basis of latest audited accounts.
7. A statement showing cash dividends and bonuses paid (if any) during the last 2 years or such shorter period as the company may have been in existence.
8. Application submitted to the CDC for declaration of the share of the Growth Company as an eligible security for its CDS.
9. An undertaking on the format as prescribed in Form-II.
10. Payment of initial listing fee and annual listing fee as prescribed under the Regulations.
11. Any other document or information 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.
- (ii) Warranties, representations, declarations, affidavits and undertakings on stamp papers shall also be submitted in hard form.

Annexure-II

CRITERIA FOR ISSUE/OFFER OF SHARES THROUGH BOOK BUILDING

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

- i. The issue size is not less than 5 million shares and 50 million Rupees.
- ii. The bid size for each initial subscriber shall be Rs. 100,000.
- iii. Book building is a mechanism of price discovery of equity securities through Bidders who make Bids at Floor Price or within the Price Band. Bids received are listed in descending order of price evidencing demand at different price levels at Floor Price or within the Price Band. A Strike Price is arrived at through Dutch Auction Method.
- iv. Dutch Auction method means the method through which the price is determined by arranging all the bid price in descending order along with the number of shares and the cumulative number of shares bid for at each bid price. The strike price is determined by lowering the bid price to the extent that the total number of shares offered under the Book Building portion is subscribed.
- v. The Book Runner shall be appointed to perform the function of Book Building.
- vi. Book runner may also act as Advisor to the Issue.

BOOK BUILDING PROCEDURE:

- i. The Issuer shall decide the Floor Price and the Price Band.
Provided that the upper limit of the price band should not be more than 40% of the Floor Price.
- ii. The Issuer shall provide the justification of the floor price and the price band in the Information Memorandum.
- iii. The Issuer shall place copy of the Information Memorandum before the start of the book building on its website and the websites of the Book Runner, the Designated Institution, advisor to the Issue, and the Securities Exchange.
- iv. The Registration of the bidders shall start at least 2 working days before the start of the bidding period and shall remain open till 03:00 pm on the last date of the bidding period.
- v. The Book Runner shall establish bid collection centers.
- vi. The Book Runner shall provide a mechanism for registration of the bidders at the bid collection centers.
- vii. The Book Runner shall make all necessary arrangements for receiving bids and the instruments evidencing payment of the bid money.
- viii. The Book Runner shall put in place a mechanism to enter details including the maximum Bid amount of the Bidders into the System.
- ix. Once details of the bidders are entered into the System, the Designated Institution shall assign and communicate password and user ID to the bidders enabling them to directly place the bid and revise the bid upward only, if required.
- x. The bidding shall remain open for at least one working day.
- xi. The Book Building process shall be considered as cancelled if the Issuer does not receive bids for the number of shares allocated under the Book Building Portion.
- xii. The Book Building process shall be considered as cancelled if the total number of bids received is less than forty.

PROCEDURE FOR BIDDING:

- i. A bid by an Accredited Investor can be a "Limit Bid" or a "Step Bid".
- ii. Limit Bid: Limit bid is at the Limit Price, which is the maximum price an investor is willing to pay for a specified number of shares.
Step Bid means a series of Limit Bids at increasing prices provided that bid amount of any step is not less than Rs. 100,000.
- iii. The book runner shall vet the bid applications and accept bid applications only from Accredited investors duly supported by a crossed cheque or demand draft or pay order.
- iv. The Book Runner shall collect full amount of the bid money as margin money in respect of bids placed by the Accredited Investors.
- v. On receipt of bid application, the Book Runner shall enter the Bid into the System and issue to the bidder an electronic receipt bearing name of the book runner, name of the bidding center, date and time.
- vi. The bidding shall commence from 09:00 a.m. and close at 05:00 p.m. on all days of the Bidding Period. The bids shall be collected and entered into the system by the Book-Runner till 05:00 p.m. on the last day of the bidding period.
- vii. The bidders can revise the bids upward till 05:00 p.m. on the last day of the Bidding Period;
- viii. The Book Runner may reject any bid application for reasons to be recorded in writing provided the reason of rejection is disclosed to such bidder. Decision of the Book Runner shall not be challengeable by the bidder.
- ix. The Designated Institution shall through the System display live throughout the bidding period an order book in descending order showing demand for shares at various prices and the accumulated number of shares bid for along with percentage of the total shares offered. The order book should also show the revised bids. The order book shall be accessible through websites of the Designated Institution, Book Runner, Advisor to the Issue, securities exchange.
- x. At the close of the bidding period, Strike Price shall be determined on the basis of Dutch Auction Method by the Designated Institution.
- xi. The bidders who have made bids at prices above the Strike Price shall be allotted shares at the Strike Price.
- xii. In case all the bids made above the Strike Price are accommodated and shares are still available for allotment, such available shares shall be allotted against the bids made at the Strike Price on proportionate basis.

xiii. The successful bidders shall be issued securities in the form of book-entry to be credited in their CDS account. All the bidders shall, therefore, provide number of their CDS account in the bid application.

RESTRICTION ON BIDDERS:

The bidder shall not –

- i. make bid below the Floor Price and above the upper limit of the Price Band;
- ii. make bid for more than 20% of the shares allocated under the Book Building Portion;
- iii. subject to the provision of clause (i) above, make bid with price variation of more than 10% of the prevailing indicative strike price or such other percentage as may be specified by the Commission;
- iv. make consolidated bid;
- v. make more than one bid either severally or jointly;
- vi. make downward revision both in terms of Bid Price and Bid Volume;
Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e. Bid Volume may be adjusted ensuring that the bid amount or bid money remains the same; or
- vii. withdraw the Bid.

RESPONSIBILITY OF THE BOOK RUNNER:

The Book Runner to the Issue shall be responsible to:

- i. ensure that necessary infrastructure and electronic system is available to accept bids and to undertake the whole Book Building in a fair, efficient and transparent manner.
- ii. use the software provided by the Designated Institution for the Book Building on such terms and conditions as may be agreed through an agreement in writing.
- iii. ensure that the software used for Book Building is based on Dutch Auction Method for display of the order book and determination of the strike price.
- iv. ensure that the bidders can access to the System and can revise their bids electronically using the user ID and the password.
- v. maintain record of all the bids received.
- vi. the Book Runner has established bid collection centers.

Schedule-I

CONTENTS OF INFORMATION MEMORANDUM

NOTE: THIS IS A GUIDELINE FOR ADVISORS TO THE ISSUE. THE EXCHANGE SHALL BE NOT BE RESPONSIBLE FOR MONITORING COMPLIANCE WITH SCHEDULE I

The Information Memorandum (IM) prepared with respect to issue of shares for listing under this Chapter shall contain at least the following information/disclosures:

On cover page, the following shall be disclosed:

- a) A disclaimer in bold letters stating that, "This is not a prospectus for issue of shares to the general public, but a document prepared for the purpose of offering shares only to Accredited Investors. This IM has not been approved by the Securities & Exchange Commission of Pakistan (the Commission) or the Pakistan Stock Exchange Limited (the Exchange)";
- b) Advise for Investors:
The GEM is designed primarily for Growth Companies. Growth Companies are comparatively exposed to higher investment risk including liquidity risk as compared to the companies listed at the main Board of the Exchange. The prospective investor should, therefore, be aware of the risk of investing in such companies and should make the decision to invest only after careful diligence of the issue and consideration. It is advisable to consult any independent investment advisor before making investment in equity of the Issuer;
- c) A statement in bold letters stating that, "The Issuer & Board of Directors of ... (Name of the Issuer) ... accepts responsibility for accuracy of the information contained in this document";
- d) Name of the Issuer;
- e) Address of the Issuer;
- f) Date of incorporation;
- g) Information regarding website address of the issuer;
- h) Name of group and associated Companies;
- i) Capital Structure of the Issuer/ Name of Sponsors and Major shareholders along with shareholding;
- j) Name of Chairman, directors, Chief executive and top management of the Issuer;
- k) Profile of the management of the Issuer including all the members of the Board of Director, the Chief Financial Officer and the Company Secretary;
- l) Details about the Issuer;
 - i) Introduction;
 - ii) Principal business of the issuer;
 - iii) Type of share capital issued and voting rights;
 - iv) Company operating segment;
 - v) Company market share;
 - vi) 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 supplier thereof, main clients of the issuer, and main competitors of the issuer;
 - vii) Risk(s) faced by the Issuer;
 - viii) Past financial performance - past financial highlights of the issuer including key financial ratios like debt/equity ratio (pre & post issue), current ratio, return on equity, return on assets, earning per share, Break-up value per shares (pre & post issue) etc. in tabular form;
 - ix) Details of the financial facilities obtained by the Issuer and major covenants
 - x) Name of creditors along with contact details;
- m) Profit distribution policy;
- n) Pending litigations and contingent liabilities;
- o) Purpose of raising the funding, utilization of proceeds and future prospectus;
- p) In case the proceeds of the Issue are to be utilized for project financing, detail of such project like project cost & means of financing (i.e. Financial Plan), project implementation schedule, latest status of the implementation of the project, expected date of completion of the project, expected date of trial & commercial production etc.;
- q) Projected 3 years financials, along with a disclaimer that the actual financial performance of the Company may vary as a result of changing macro – economic conditions, and other factors;
- r) Salient features of the Issue like issue size, face value of share, offer price, Floor Price, etc.;
- s) Justification for premium / par;
- t) Rights of the shareholders like right to vote, dividend etc.;
- u) Summary of all the material contracts relating to the Issue and the project, if any;
- v) Subscription dates in case of fixed price method;
- w) Bidding dates in case of book building method;
- x) Procedure for book building method including instructions for registration and bidding;
- y) Procedure for fixed price method;
- z) Procedure for allotment of shares.

FORM II

UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER

Date: _____

The Board of Directors,
Pakistan Stock Exchange Limited,
Karachi.

UNDERTAKING

We undertake, unconditionally, to abide by the Regulation(s) of the Pakistan Stock Exchange Limited applicable to the company which presently are, or hereinafter may be in force.

We further undertake:

1. That our shares shall be quoted on the _____ at the discretion of the Exchange;
2. That the Exchange shall not be bound by our request to remove shares from the _____;
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 share for any reason which the Exchange consider sufficient in the interest of the market;
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 the Listing of Companies and Securities Regulations of the Exchange 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; and
5. That our company and/or the share may be delisted by the Exchange in the event of non-compliance and breach of this undertaking.

Yours sincerely,

SIGNATURE OF AUTHORIZED PERSON