Listing on Pakistan Stock Exchange

Debt Securities



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Introduction



Debt security refers to a debt instrument, such as a government or corporate bond that can be bought or sold between two parties.

- Publicly Placed Debt instruments listed on Pakistan Stock Exchange (PSX) can be offered to the general public as well as institutional investors.
- 2. Privately Placed Debt instruments listed on Pakistan Stock Exchange can only be offered to and transferred in the name of QIBs (Qualified Institutional Buyers).

PSX Debt Securities include Corporate Bonds, TFCs, Government Debt Securities(GDS) and Sukuks.

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Benefits of Listing Debt Securities



Larger Investment Base

Listing debt securities on a stock exchange is usually carried out to gain access to a wider group of audience, i.e. Corporate Investors.

Investment Priority

The target investors for debt securities are Qualified Institutional Buyers (QIBs), many of whom have investment criteria stipulating that they will invest all or a proportion of their available funds in listed securities.

Relaxed Credit Terms Long term securities have to be rated a minimum of BBB (triple B). Short term securities are not required to be rated as long as the issuer is not rated less than BBB (triple B).

Liquidity

Since investors can buy and sell debt securities on the secondary market, it makes it an attractive investment avenue due to liquidity.



Publicly Placed Debt Securities Listing Requirements



Paid-up Capital

 Entity which has commenced operations and has a paid-up capital greater than Rs. 200 Million.

Issue Size

 The total issue size including pre-IPO placement if any, is greater than Rs. 200 million.

No Defaults/Overdue Loans

- None of its other securities should be on the defaulters segment of the Exchange.
- Its sponsors/directors have no overdue loans.

Credit Rating

- Entity rating and instrument rating have to be a minimum of BBB (triple B).
- Short term securities are not required to be rated.



Minimum allocation of capital to the General Public excluding the Pre-IPO investors shall be as under:

Iss ue Size	• The allocation of capital to the General Public
Up to Rs. 500 Million	 shall not be less than Rs. 100 Million or 25% of the issue size, whichever is higher
Above Rs. 500 Million and up to Rs. 2 Billion	 shall not be less than Rs. 125 Million or 15% of the issue size, whichever is higher
Above Rs. 2 Billion and up to Rs. 10 Billion	 shall not be less than Rs. 300 Million or 10% of the issue size, whichever is higher
Above Rs. 10 Billion	 shall not be less than Rs. 1,000 Million or 5% of the issue size, whichever is higher



Publicly Placed Debt Securities Listing Procedure

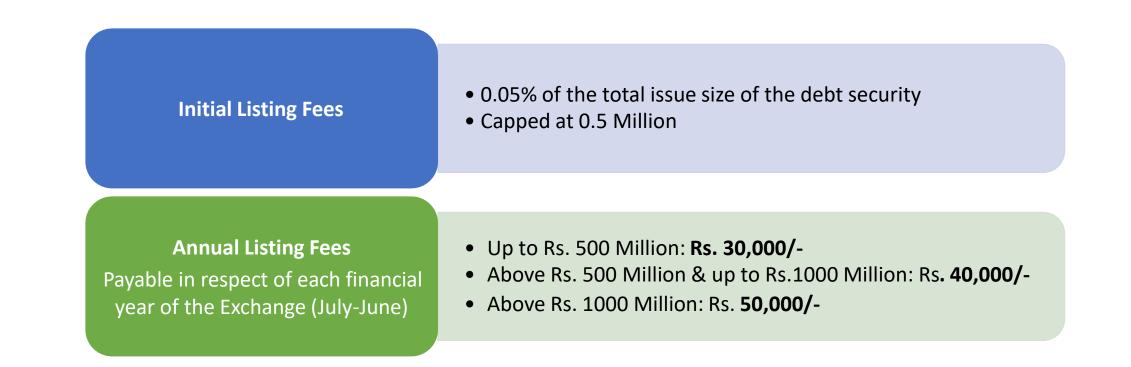


Prospectus creation	• The Company shall create an prospectus by hiring a consultant.
Offer to General Public and QIBs for Subscription	 The Company shall make the offer of the debt security to General Public and QIBs by publishing the prospectus.
Filling the application	 The Company submits the application of its debt security along with the documents as mentioned in Annexure-I of Chapter 5B of PSX rule-book.
Payment of listing fees	 The company shall pay an initial and annual listing fee of such amount as mentioned in the next slide.
Approval of application	• PSX provides approval of listing of the debt security subject to the approval of SECP.
Listing	 Debt security is formally listed. Trading starts the next day on BATS (Bonds Automated Trading System).



Publicly Placed Debt Securities Listing Fee







Paid-up Capital

• Public company with a paid up capital greater than Rs. 25 Million.

Issue Size

 Total issue size of debt greater than Rs. 25 Million.

No Defaults/Overdue Loans

 None of the directors, sponsors or promoters of the Company should be on the defaulters list of SECP.

Credit Rating

- Long term securities have to be rated a minimum of BBB (triple B).
- Short term securities are not required to be rated as long as the issuer is not rated less than BBB (triple B).



Privately Placed Debt Securities Listing Procedure

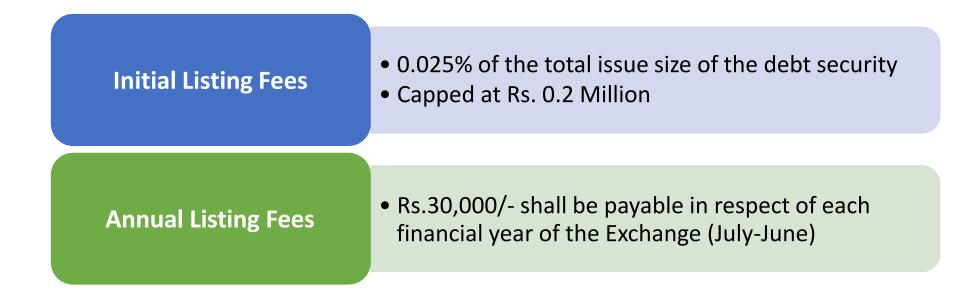


Complete pre-requisite	• The company shall obtain a letter from Central Depository Company of Pakistan declaring the debt security eligible for induction into Central Depository System.
Information Memorandum creation	• The Company shall create an Information Memorandum by hiring a Consultant.
Offer to QIBs for Subscription	• The Company shall make the offer of the debt security to QIBs only through an Information Memorandum.
Filling the application	• The Company submits the application of its debt security along with the documents mentioned in Annexure-I of Chapter 5C of PSX rule-book.
Payment of listing fees	 The company shall pay an initial and annual listing fee of such amount as mentioned in the next slide.
Approval of application	 PSX provides approval of listing of the debt security.
Listing	• Debt security is formally listed. Trading starts the next day on BATS (Bonds Automated Trading System). It can only be transferred in the name of QIBs.



Privately Placed Debt Securities Listing Fee







Marketing and Business Development

Karachi Sami Shakeel - Business Development Officer Email: <u>sami.shakeel@psx.com.pk</u> Telephone: +92-2135274574 Ext: 4574 Islamabad Asghar Abbas Naqvi - Regional Head Email: <u>abbas.naqvi@psx.com.pk</u> Telephone: 111-001-122 Ext. 4666| Direct: 051-2894666

Lahore Sarmad Hussain - Regional Head Email: sarmad.Hussain@psx.com.pk

Telephone: 111-001-122 Ext. 4653 | Direct: 021-2894653 Help Desk (92-21) 111-011-122 Email: <u>listing@psx.com.pk</u>



To view the entire Debt Securities Regulations refer to Chapter **5B** for Publicly Placed Debt Securities and **5C** for Privately Placed Debt Securities.

Serving Investors & Industry

Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan. Tel: (+92)111-001-122, Website: <u>www.psx.com.pk</u>

