

Chapter 5B: LISTING OF DEBT SECURITIES REGULATIONS

5B.1. APPLICABILITY OF REGULATIONS:

- 5B.1.1. All the provisions provided in the chapter 5 of PSX Regulations relating to Listing of Companies and Securities 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 of PSX Regulations.

5B.2. DEFINITIONS:

- 5B.2.1. In this chapter, unless the subject or context otherwise requires:
- (a) "Companies Act", means the Companies Act, 2017 (XIX of 2017);
 - (b) "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;
 - (c) "Debt Securities Trustee" shall mean a person as defined in the Debt Securities Trustee Regulations, 2017;
 - (d) "GoP", means the Government of Pakistan;
 - (e) "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;
 - (f) "Public Offering Regulations", shall mean the Public Offering Regulations, 2017 notified by the Commission and amended from time to time;
 - (g) "Securities Act", means the Securities Act, 2015 (Act No. III of 2015);
 - (h) "Short Term" shall mean a period of one or less than one (1) year;
 - (i) "Spread" shall mean the difference between the Bid Price and the Offer Price.
- 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:
- (a) it has commenced commercial operations;
 - (b) it is allowed by the Commission to issue, circulate and publish prospectus for issue of such Debt Security;
 - (c) 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;
 - (d) 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;
- (e) 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:
- (a) 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.
 - (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.

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:

- (a) 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;
- (b) 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 Issuer shall appoint, through an agreement in writing, a Market Maker designated by the exchange for the debt security.

Provided that a Designated Market Maker's obligations with respect to a Debt Security, which is maturing and called for redemption or retraction, terminates 10 business days prior to the maturity date or redemption date of the security.

5B.4.4. 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.4.5. The Issuer, before publication of prospectus, shall obtain CDC's notice with respect to declaration of its Debt Security as CDS eligible Security.

5B.4.6. The Debt Securities shall be issued only in Book-Entry form.

5B.4.7. 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.4.8. 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.4.9. 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.4.10. The sponsors and directors of the Issuer shall not participate in subscription of Debt Securities offered to the General Public.

5B.4.11. 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.4.12. 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.4.13. The prospectus and application form shall be placed on the website of the Issuer and the consultant to the Issue.

5B.4.14. 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.4.15. 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.4.16. The Issuer shall take a decision within ten (10) days of the closure of subscription list as to which applications have been accepted or are successful and submit allotment register to the Exchange within ten (10) days of such decision.

5B.4.17. The Issuer shall refund the application money in case of unaccepted or unsuccessful applications within 10 days of the date of such decision.

5B.4.18. The Issuer shall ensure credit of the Debt Security in CDS, to the successful applicants within twenty one (21) days of the closing of public subscription, under intimation to the Exchange.

5B.4.19. The Issuer shall ensure completion of the relevant requirements of formal listing of the Debt Security within twenty one (21) days from the date of closure of public subscription.

5B.4.20. The Issuer shall, within twenty one (21) 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.4.21. Any Issuer which makes a default in complying with the requirements of regulations 5B.4.21., 5B.4.22. and 5B.4.23., 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.4.22. 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.4.23. 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 make an application on **Form-A** 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.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:
- 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 principle 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 0.05% of the total issue size of the Debt Security subject to a maximum of Rs. 0.5 million.
- (ii) an annual listing fee 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, as per following schedule:

S. No.	Total Issue Size	Amount of fee
i.	Up to Rs. 500 million	Rs. 30,000/-
ii.	Above Rs. 500 million & up to Rs.1000 million	Rs. 40,000/-
iii.	Above Rs. 1000 million	Rs. 50,000/-

- (iii) 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. APPOINTMENT AND FUNCTIONS OF DESIGNATED MARKET MAKER:

- 5B.11.1. For the purpose of this chapter, Designated Market Maker shall be appointed by the Issuer in accordance with Clause 5B.4.3 of these Regulations.
- 5B.11.2. The Designated Market Maker shall, in addition to the functions specified in Chapter 12 of these Regulations, perform the following functions:
- The spread charged by the Designated Market Maker shall not be more than the one as disclosed in the prospectus for issue of the Debt Security and the agreement executed with the Designated Market Maker, which shall be disclosed on the website.
 - The Designated Market Maker shall make available copy of the prospectus to the investors at all times and also place the same on its website;

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:

- the integrity and reputation of the market has been or may be impaired by dealings in the Debt Security;
- 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
- 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.

FORM A

FORM OF APPLICATION UNDER SECTION 19 OF THE SECURITIES ACT FOR LISTING OF DEBT SECURITIES UNDER THIS CHAPTER

[Regulation 5B.5.1.]

[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 5B.5.1. of these Regulations and mentioned in **Annexure-I** thereof are enclosed 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 / INFORMATION REQUIRED TO BE SUBMITTED ALONG WITH APPLICATION FOR LISTING OF DEBT SECURITIES UNDER THIS CHAPTER

[Regulation 5B.5.1.]

An Issuer applying for listing of its Debt Securities under this chapter shall provide the following documents/information:

- (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 Annexure-III.
- (iii) In case of an Issuer whose equity shares are not listed on the Exchange, following documents shall be provided:
 - i. Copy of the certificate of incorporation.
 - ii. Copy of the conversion certificate from private to public company; if applicable.
 - iii. Copy of the certificate for change of name of the company, if applicable.
 - iv. Copy of the Memorandum and Articles of Association of the company.
 - v. Copy of the audited accounts of the company, both in hard and soft form, 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) Copy of the license, consent, approval, NOC etc. from the concerned regulatory authority for undertaking / carrying on the business.
- (vi) Copy of the prospectus both in hard and soft form.
- (vii) Last page of the full prospectus and abridged prospectus, if any, duly signed in original 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, that the assets on which charge has been created in favour of the Debt Securities Trustee 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.
- (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 as per the Debt Securities Trustee Regulations, 2017 executed between the Issuer and the Debt Securities Trustee.
- (xv) Copy of the security documents along with detail of charged assets, in case of secured debt issue.
- (xvi) Shariah Pronouncement Letter, where applicable.
- (xvii) Copy of the credit rating reports from any credit rating company licensed by the Commission, where applicable.
- (xviii) Designated Market Maker Agreement executed between the Exchange and the Market Maker.
- (xix) Market Maker Agreement executed between the Issuer and the Market Maker.
- (xx) Information Memorandum, if any, prepared for circulation among the pre-IPO investors.
- (xxi) Underwriting agreement(s).
- (xxii) 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).
- (xxiii) Application to CDC or copy of CDC notice with respect to declaration of its Debt Security as CDS eligible security.
- (xxiv) Consent Letters from the Consultant to the Issue, Bankers to the Issue, Underwriter, Debt Securities Trustee, Shariah advisor, if required, the share registrar and balloter, auditor, expert and legal advisor to the issue, if any.
- (xxv) 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.
- (xxvi) Material contracts related to the Debt Security issue.
- (xxvii) Payment of non-refundable initial & annual listing fee, at the rate as mentioned in this chapter, in favour of the Exchange.
- (xxviii) Any other documents/material contract and such other particulars as may be required by the Exchange.

Notes:

- (i) Copies of all the documents should be certified by the Company Secretary.
- (ii) Please note that all documents relating to regulatory authority are duly certified from the concerned Company Registration Office or concerned Regulatory Authority.

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.

Annexure-III

FORMAT OF UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER OF THE REQUIRED VALUE

[Clause (vi) of Annexure-I]

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 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 Chief Executive Officer of the Company
duly authorized by its Board of Directors

Place:

Name and signature of the Company Secretary or Chief Financial
Officer of the Company duly authorized by its Board of Directors

Common Seal of the Company

Chapter 5C: PRIVATELY PLACED DEBT SECURITIES' LISTING REGULATIONS

5C.1. APPLICABILITY OF REGULATIONS:

- 5C.1.1. These Regulations shall apply to listing of debt securities issued through private placement under section 66 of the Companies Act.
- 5C.1.2. The provisions of this chapter shall not apply to the listing of debt securities issued through public offer as provided for in Chapter 5B (Listing of Debt Securities Regulations) and listing of Government Debt Securities as provided for in Chapter 6 [Government Debt Securities (GDS) Market Regulations] of these Regulations.

5C.2. DEFINITIONS:

- 5C.2.1. In this chapter, unless the subject or context otherwise requires:
- (i) "Companies Act", means the Companies Act, 2017 (XIX of 2017).
 - (ii) "Company", means a public company or a body corporate applying for listing of its Debt Securities under this Chapter.
 - (iii) "Debt Securities Trustee", means a person as defined in the Debt Securities Trustees Regulations, 2017.
 - (iv) "GoP", means the Government of Pakistan.
 - (v) "Information Memorandum", means a document outlining the salient features, risks and terms of a debt security offered/issued to the QIBs through private placement.
 - (vi) "Qualified Institutional Buyers (QIBs)", for the purpose of this Chapter means the following:
 - (a) A Scheduled Bank as defined in the Companies Act;
 - (b) A Financial Institution as defined in the Companies Act;
 - (c) Any other person notified by the Commission under section 66 of the Companies Act as a person to whom instrument of redeemable capital can be issued.
 - (vii) "Securities Act", means the Securities Act, 2015 (Act No. III of 2015).
 - (viii) "Short Term", means the same as assigned to it in Chapter 5B.
 - (ix) "Spread Limit", has the same meaning as assigned to it in Chapter 12.
- 5C.2.2. All other words and expressions used but not defined in this Chapter shall have the same meanings as assigned to them in the Companies Act and the Securities Act.

5C.3. ELIGIBILITY CRITERIA FOR LISTING:

A company may apply for listing of its debt securities offered and issued to QIBs through private placement under this Chapter, provided that:

- (i) it is a public company;
- (ii) it is authorized by its memorandum of association or other constitutive document to issue the debt security;
- (iii) its paid up capital is not less than Rs.25 million;
- (iv) the total issue size is not less than Rs.25 million;
- (v) In case of listing/issuance of Privately placed debt security by a Listed Company, the Issuer, or its directors, sponsors, or substantial shareholders should not be holding the office of directors, or be sponsors or substantial shareholders in any company;
 - (a) Which had been declared defaulter by the exchange; or
 - (b) Whose TRE Certificate has been cancelled or forfeited by the exchange; or
 - (c) Which has been delisted by the exchange due to non-compliance of these Regulations.
- (vi) the Issuer, its sponsors/promoters, substantial shareholders and directors have no overdues or defaults, irrespective of the amount, appearing in the report obtained from the credit information bureau;

Provided that clause (v) and (vi) shall not apply to nominee directors of the Government and Financial Institutions.
- (vii) the debt security is redeemable, if issued under section 66 of the Companies Act.

[Explanation No. 1: An instrument in the nature of redeemable capital may have the conversion option i.e. the option of conversion into ordinary shares of the issuer.]

[Explanation No. 2: This clause (x) shall not apply to an issue of perpetual debenture or any other perpetual debt security.]

5C.4. CONDITIONS FOR LISTING:

A company intending to list its debt securities under this Chapter shall comply with the following conditions:

- (i) the company has appointed a Debt Securities Trustee, licensed by the Commission, for a period not less than the tenure of the debt security.
- (ii) the Debt Securities Trustee so appointed may retire from its office on appointment of a new Debt Securities Trustee and the retirement shall take effect at the same time as the new Debt Securities Trustee is appointed.
- (iii) the company may, through an agreement in writing, appoint a Securities Broker to act as Market Maker subject to the condition that such Securities Broker obtains the status of Designated Market Maker from the Exchange for such security.

Provided that the clause i and iii above shall not apply in case where debt security is issued by the company having instrument rating of A and above or where the debt security is backed by debt servicing guarantee from the GOP.

Provided that a Designated Market Maker's obligations with respect to a Debt Security, which is maturing and called for redemption or retraction, terminates 10 business days prior to the maturity date or redemption date of the security.

- (iv) the company has appointed Legal Advisor to the Issue, through an agreement in writing.
- (v) in case of secured debt securities, charge has been created on the assets of the company in the form and manner acceptable to the Debt Securities Trustee and 125% security cover is maintained at all times.
- (vi) the Company Secretary or any other officer of the company is designated as Compliance Officer who shall perform such functions as mentioned in Clause 5C.11.
- (vii) the company, before making application for listing of a debt security, has obtained a letter from the CDC declaring the debt security eligible for induction into CDS.
- (viii) the debt securities shall be issued only in the Book-Entry Form.
- (ix) the company shall obtain International Bank Account Number (IBAN) of each initial subscriber and subsequent purchaser of the debt security for direct credit of profit and repayment of principal amount.
- (x) the company fulfils the relevant requirements of the Private Placement of Securities Rules, 2017.
- (xi) **Credit Rating:**

- (a) Debt Securities, other than short term Debt Securities and Debt Securities backed by debt servicing guarantee from the GoP, are rated by a credit rating company licensed by the Commission and the instrument rating is not less than BBB+ (triple B plus).
- (b) Short term debt securities are not required to be rated provided the issuer is rated and such rating is not less than BBB (triple B).
- (c) The credit rating report is prepared on the basis of the company's latest audited accounts or latest reviewed accounts, if the audited accounts are older than six months.
- (d) In case where the instrument rating is obtained from more than one credit rating companies, all such ratings shall be disclosed in the Information Memorandum.

5C.5. GENERAL CONDITIONS:

The following conditions, in addition to the above, shall also apply to the debt securities listed under this Chapter:

- (i) No advertising material, booklet, flyer, magazine, circular or any other document inviting general public or a class of the general public for subscription of the debt securities shall be published, displayed or run in the print or electronic media or telecasted on radio channels.
- (ii) In case of secured debt security, the company shall give an undertaking in the Information Memorandum 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.
- (iii) Allocation to or subscription by any single QIB shall not exceed twenty percent (20%) of the total issue size.
- (iv) Number of initial subscribers of the debt securities shall not be less than five (5).
- (v) The company shall ensure credit of the debt securities into the investors' respective CDS accounts within ten (10) days of the approval by the Exchange for listing.
- (vi) The debt security shall not be issued to and transferred in the names of persons other than QIBs.

5C.6. LISTING PROCEDURE:

For listing of a debt security, the following procedure shall be followed:

- (i) The company shall make the offer of such debt security to QIBs through an Information Memorandum.
Provided that the requirement of Information Memorandum shall not be mandatory in case where the instrument is rated A and above or where the debt security is backed by debt servicing guarantee from the GOP.
- (ii) The company, after finalization of the list of subscribers shall make an application to the Exchange on Form-I for listing of its debt security along with the documents and information as mentioned in Annexure-I. I. The Exchange may require such additional information 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.
- (iii) The Exchange shall complete its approval process for listing of a debt security within 5 working days from the date of complete submission of all required documentation and any other additional documentation as required by the Exchange.
- (iv) The company shall pay non-refundable initial and annual listing fee of such amount as mentioned in clause 5C.12.
- (v) The Exchange may reject any application for listing of a debt security at its sole discretion if it deems that listing of the debt security is not in the interest of the market, the company does not meet the minimum eligibility criteria set out in this Chapter or the company is in contravention of any provision of this Chapter.

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

5C.7. CONTENTS OF INFORMATION MEMORANDUM:

- (i) The Information Memorandum to be circulated to QIBs for offer of one or more types of debt securities of a company shall contain at least such information as provided in Annexure-II to this Chapter.

- (ii) The Information Memorandum shall be a private document and shall be circulated only to QIBs.
- (iii) The 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 on its cover page.

5C.8. POST LISTING REQUIREMENTS:

- (i) Payment of profit and repayment of principal amount to the debt security holders shall be made through direct credit in their respective IBANs.
- (ii) The instrument rating shall be reviewed at least annually based on the latest audited accounts from the credit rating company mentioned in regulation 5C.4.
- (iii) The company shall provide access to the Debt Securities Trustee to the books of accounts and record relating to the debt security.
- (iv) The company shall submit to the Exchange, the Debt Securities Trustee and the debt security holders minutes of the meetings of the debt security holders within fourteen days of the date of such meetings.
- (v) Notwithstanding anything contained in the Debt Securities Trustees Regulations, 2017 or any other Regulations for the time being in force, the sponsors and associated companies or undertakings of the company shall not vote on any proposal, relating to rescheduling and/or restructuring of the issue, in a meeting of the debt security holders.
- (vi) The company shall maintain register of the debt security holders.
- (vii) The company, till complete redemption of the debt security, shall ensure that:
 - (a) the unclaimed profit, if any, is not forfeited and is kept under a separate head of account namely, "Unclaimed Profit"; and
 - (b) no modification has been made in the features of the debt security like in its term, coupon rate, conversion, redemption, security arrangement etc. by any manner otherwise than that as disclosed in the Information Memorandum and the trust deed.
- (viii) The company shall, upon request by the debt security holders, provide either weblink or copies of its accounts.
- (ix) Save as provided in the Trust Deed, the company shall not:
 - (a) make any change in the charged assets i.e. the assets backing the debt security; and
 - (b) shall not establish any additional charge thereon.
- (x) **Book Closure:**
 - (a) Book closure for determination of entitlement for profit, redemption of the principal amount, meeting of the debt security holders or any other corporate action shall be made in such form and manner as specified in the Companies Act.
 - (b) 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.
- (xi) The company shall neither exercise any lien whatsoever on listed debt security nor shall there be any restriction on their transfer.
- (xii) In case the Market Maker appointed by the company discontinues to act as Market Maker due to any reason, the Issuer may appoint another eligible Designated Market Maker.
- (xiii) **Reporting:**

The company shall report and submit to the Exchange and the Debt Securities Trustee the following information and documents:

- (a) copy, in soft form, of the list of its debt security holders within 30 days of the end of each half year;
- (b) statement regarding the payment of profit on the debt securities and repayment of the principal amount, on semi-annual basis till complete redemption of such debt security;
- (c) copy of its latest audited annual and half-yearly accounts and quarterly accounts, if any;
- (d) copy of the reviewed rating reports highlighting change, if any, in the credit rating and the reason causing the change;
- (e) copy of any notice, letter, circular, resolution, etc. including notice for meeting of the debt security holders issued or published in print media or letter, circular issued to the debt security holders in connection with the debt security or resolution passed or propose to be passed relating to new issue of a debt security by the company;
- (f) the date, at least five working days in advance or any shorter period as may be allowed by the Exchange in exceptional circumstances, of the meetings of its Board of Directors at which issuance of any debt security or any other matter affecting the rights or interests of holders of the debt security is proposed to be approved;
- (g) certificate from its auditors regarding maintenance of one hundred and twenty five percent (125%) security cover in respect of the secured debt security. The certificate should be submitted on annual basis along with submission of the annual accounts;
- (h) certificate from its auditors, on annual basis, regarding maintenance of redemption reserve fund, where required;
- (i) decision of the Board of Directors of the company regarding prepayment of any debt obligation, if any;
- (j) delay or default, if any, in payment of profit and repayment of principal amount on the debt security listed under this Chapter or any other debt obligation and reasons thereof. 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;
- (k) change, if any, in terms of the provisions of the Information Memorandum and the Trust Deed, in the nature and features of the debt security or in the rights and privileges of its holders as and when occurred;
- (l) any other material information that is necessary to be known to the holders of the debt security to avoid creation of a false market in such debt security;
- (m) change, if any, in the nature of business of the company due to any reason;

- (n) any significant event which may have adverse impact on the company's capacity of redeeming the debt security as per the redemption schedule disclosed in the Information Memorandum;
- (o) change, if any, of the Debt Securities Trustee on the same day;
- (p) change, if any, in its management and address of its registered office, as and when occurred;
- (q) change, if any, that may have effect on the rights and privileges of the debt security holders;
- (r) prohibitory order, if any, restraining the company from transferring the debt security from the name of any debt security holder;
- (s) any transaction whether related party or otherwise that adversely affect interest of the debt security holders;
- (t) any action against or by the company which may result in the redemption, conversion, cancellation, retirement in whole or in part of the debt security;
- (u) any action against or by the company that would adversely affect payment of profit and repayment of the principal amount; and
- (v) any other information or document as may be required by the Exchange.

5C.9. ROLES AND RESPONSIBILITIES OF THE DEBT SECURITIES TRUSTEES:

- (i) The Debt Securities Trustee shall be responsible to perform such functions and duties as prescribed in the Debt Securities Trustee Regulations, 2017.
- (ii) The Debt Securities Trustee shall share with the Exchange in time, its correspondence with the company regarding delay in profit payment or repayment of principal amount or the charged assets or any other matter concerning the debt security.

5C.10. ROLES AND RESPONSIBILITIES OF THE COMPLIANCE OFFICER:

- (i) The Compliance Officer shall be responsible for ensuring compliance by the company with all the requirements of the agreements executed with the initial subscribers; the Information Memorandum; section 66 of the Companies Act; this Chapter and the directives issued, if any, by the Exchange from time to time and other regulatory requirements applicable on the debt security.
- (ii) The Compliance Officer shall report status of the compliance mentioned in sub-clause (i) above at every meeting of the Board of Directors of the company till complete redemption of the issue.
- (iii) The Compliance Officer shall also report status of the compliance, mentioned in sub-clause (i) above, directly to the Debt Securities Trustee, within 15 days from the end of each half year.

5C.11. PAYMENT OF LISTING FEES:

A company applying for listing of its debt security under this Chapter shall pay to the Exchange an initial and annual listing fee at the rate as mentioned below:

- (i) an initial listing fee equivalent to 0.025% of the total issue size of the debt security subject to a maximum of Rs.0.2 million; and
- (ii) an annual listing fee of Rs.30,000/- 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.

5C.12. TRADING AND SETTLEMENT OF SECURITIES:

Trading in debt securities listed under this Chapter shall commence one day after the date of their formal listing through BATS and settled through NCSS.

5C.13. SUSPENSION OF TRADING:

The Exchange may suspend trading in a debt security where:

- (i) Trading in such security is not being conducted in an orderly manner;
- (ii) the integrity and reputation of the market has been or may be impaired by dealings in the debt security;
- (iii) it considers that the company has failed to comply with any provision of this Chapter; or
- (iv) the protection of investors so requires.

5C.14. DISCIPLINARY ACTION:

If the Exchange considers that the company has defaulted or contravened any provision of this Chapter, it may take any one or more of the following measures:

- (i) it may impose a fine on the company not exceeding Rs.100,000/- for each default or contravention, and, in case of continuing default, failure, refusal or contravention, a further fine not exceeding Rs.10,000/- for every day after the first day during which such contravention continues:

Provided that no such penalty shall be imposed unless an opportunity of hearing is granted;

- (ii) censure or warn it;
- (iii) publish the fact that the company has been fined, censured or warned; and
- (iv) it may place the debt security on the defaulters' segment if payment of profit or repayment of principal amount is delayed.

5C.15. 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 within three working days of granting the same.

5C.16. REPEAL:

The Regulations Governing Over-The-Counter (OTC) Market are hereby repealed.

FORM I

FORM OF APPLICATION UNDER SECTION 19 OF THE SECURITIES ACT FOR LISTING OF PRIVATELY PLACED DEBT SECURITIES

[This shall be on the Letterhead of the company]

Dated: _____

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

Dear Sir/Madam,

1. We hereby apply for listing of (name of debt security) of (name of the company) on the Pakistan Stock Exchange Limited (PSX).
2. Necessary documents and information as required under Annexure-I of Chapter 5C of these Regulations are enclosed 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 AND INFORMATION REQUIRED TO BE SUBMITTED ALONGWITH APPLICATION FOR LISTING OF A DEBT SECURITY UNDER CHAPTER 5C OF THESE REGULATIONS

A company applying for listing of its debt security under this Chapter shall provide the following documents and information:

- i. Listing Application on Form I.
- ii. An unconditional undertaking by the Issuer, on Form II.
- iii. In case of an unlisted company following additional documents and information shall also be provided:
 - a. Copy of memorandum and articles of association of the company.
 - b. Copy of the certificate of incorporation of the company.
 - c. Copy of the certificate for change of name of the company, if applicable.
 - d. Copy of the conversion certificate from private to public company; if applicable.
 - e. Audited annual accounts of the company for the last 2 years or for a shorter period if 2 years of the commencement of business are not completed.
- iv. Resolution passed by the Board of Directors of the company approving issuance of the debt security to QIBs through private placement.
- v. License, consent, approval, NOC etc. from the concerned regulatory authority for undertaking / carrying on the business, where required.
- vi. Information Memorandum prepared for circulation among the QIBs.
- vii. Auditors' Certificate testifying receipt of the subscription money from all the subscribers of the debt security.
- viii. An Undertaking on non-judicial stamp paper (certified by the oath commissioner) from the company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) stating that:
 - a. all subscribers of the debt security are eligible QIBs;
 - b. to the best of their knowledge and belief the disclosures made in Information Memorandum are true, fair, correct and adequate;
 - c. the company fulfills all the eligibility requirements of Chapter 5C of these Regulations;
 - d. in case of secured debt security:
 - (i) the security created in favour of the Debt Securities Trustee is appropriate and sufficient; and
 - (ii) the charged assets i.e. the assets on which charge has been created in favour of the Debt Securities Trustee 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.
- ix. Credit Rating Report of the entity and the instrument, where applicable as the case may be, obtained from a Credit Rating company licensed by the Commission.
- x. Shariah Pronouncement Letter, if required.
- xi. Trust Deed as per the debt securities trustee regulations, 2017 executed between the company and the Debt Securities Trustee.
- xii. Security documents along with detail of charged assets, in case of secured debt.
- xiii. Consent letter from the Consultant to the Issue, if any, Legal Advisor to the Issue, if any, Debt Securities Trustee, where required, Shariah Advisor, where required, and Market Maker, where required.
- xiv. Payment of non-refundable initial and annual listing fee, at the rate as mentioned in Chapter 5C of these Regulations, in favour of the Exchange.
- xv. Any other document, material, information as may be required by the Exchange for its own record or for dissemination to the investors.

Notes:

- i. Copies of all the documents should be certified by the Company Secretary.
- ii. Please note that all documents relating to regulatory authority are duly certified from the concerned Company Registration Office or concerned Regulatory Authority.

ANNEXURE-II

CONTENTS OF INFORMATION MEMORANDUM

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 prepared with respect to issue of a debt security to QIBs through private placement shall contain at least the following information and disclosures:

1. On cover page the following shall be disclosed:
 - (i) 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 issuing debt securities only to QIBs. This Information Memorandum has not been approved by the Securities and Exchange Commission of Pakistan (the Commission) or the Pakistan Stock Exchange (the Exchange)";
 - (ii) a disclaimer 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
 - (iii) name of the company, name of the entity that has prepared the Information Memorandum and date of the Information Memorandum.
2. Table of contents, glossary of technical terms and acronyms;
3. Executive summary by the entity that has prepared the Information Memorandum, purpose of preparation of the Information Memorandum and their scope of work;
4. Information about the company like its name, date of its incorporation, registration number, addresses of its registered and head offices, date of listing of its ordinary shares, if applicable, name of the stock exchange where it is listed, if applicable, its sponsors and major shareholders, associated companies and associated undertakings etc.;
5. Latest pattern of shareholding of the company;
6. Names of the directors of the company and their directorships in other companies;
7. Profile of the management of the company including all the members of the Board of Directors except directors nominated by the government or the creditors;
8. Organization structure of the company and its principle business;
9. Future outlook and business strategy of the company;
10. Highlights of major restructuring, if any, like merger, demerger, amalgamation, acquisition, reorganization, financial restructuring etc.;
11. Three years financial highlights relating to cash flows and financial & operating position of the company including key financial ratios like debt/equity ratio (pre & post issue), current ratio, return on equity, return on assets, earning per share, debt service coverage ratio, interest service coverage ratio etc. in tabular form;
12. Salient features of the Issue and the debt security like issue size, tenure, rate of profit, nature of the instrument whether it is secured or un-secured, convertible or non-convertible, options like put option, call option/early redemption option, partial call option etc.;
13. Redemption schedule;
14. Detail of the redemption reserve fund, if any;
15. Terms and conditions for investment in the debt security;
16. Purpose of the issue and breakup of the utilization of the proceeds of the Issue;
17. In case the proceeds of the Issue are to be utilized for project financing, detail of such project like project cost and 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 & commercial production etc.;
18. In case of issuance of a debt security by a Special Purpose Vehicle, detail of the securitization transaction, parties to the transaction and role of each such party, etc.;

19. Complete credit rating report of the instrument or the entity, as the case may be, based on the company's latest audited accounts or the reviewed accounts, if the audited accounts are older than six months. In case where the instrument and entity rating is obtained from more than one credit rating agencies, copies of all rating reports are to provided;
20. In case of secured debt securities, detail of the security backing the instrument like nature of assets hypothecated, 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 or consent of the existing creditors, creditor-wise and nature-wise break up of total existing debts etc.;
21. Name of the Debt Securities Trustee, date of execution of the Trust Deed, responsibilities of the Debt Securities Trustee under the Trust Deed, security enforcement mechanism by the Debt Securities Trustee in case of default by the company;
22. Name and contact detail of the Designated Market Maker; role and responsibility of the Designated Market Maker, maximum spread to be charged by the Designated Market Maker;
23. All the risk factors associated with investment in the debt security of the company;
24. Basic information about the industry the company belongs to, key players in the industry, basic raw material used by the company, if applicable, and list of suppliers thereof, main clients of the company, competitors of the company, etc.;
25. Summary of all the material contracts relating to the Issue and the project, if any;
26. Detail of pending legal proceedings in which the company is a party;
27. Names and contact details of the company's bankers, legal advisors, transfer agent and the Consultants to the Issue;
28. Name (s) and contact details of the persons authorized by the company in respect of issuance of the debt security;
29. Company's credit history towards servicing of existing debts i.e. the profit and principal amount on existing loans and debt securities issued by it are paid on time;
30. Any loan amounting to PKR 500,000 or more written off by a financial institution during last 5 years;
31. Any disclosure in Information Memorandum shall not be inconsistent with the covenants of the Trust Deed; and
32. The Information Memorandum shall not contain any clause that is inconsistent with the terms of the debt security or the Trust Deed.

FORM-II

FORMAT OF UNCONDITIONAL UNDERTAKING ON NON-JUDICIAL STAMP PAPER OF THE REQUIRED VALUE

The Chief Executive Officer,
Pakistan Stock Exchange Limited,
Karachi.

UNDERTAKING

I on behalf of ... (name of the issuing company) ... duly authorized by its Board of Directors hereby undertake that:

1. the information provided in the documents along-with the application for listing of the debt security under Chapter 5C of these Regulations is true and correct to the best of our knowledge and belief and complete in all respect;
2. the Company shall promptly provide all the information and documents to the Exchange, the Debt Securities Trustee and the debt securities holders as required under Chapter 5C;
3. the Company shall provide information and documents to the Exchange, the Debt Securities Trustee and the debt securities holders upon request in a timely manner; and
4. the Company shall, all the time, comply with the requirements of Chapter 5C.

Date: Name and signature of the Chief Executive Officer of the Company duly authorized by its Board of Directors.

Date: _____

Place: _____

Name and signature of the Chief Executive Officer of the Company
duly authorized by its Board of Director

Name and signature of the Company Secretary or Chief Financial
Officer of the Company duly authorized by its Board of Director

Common Seal of the Company