

GEM BOARD FAQ's

1. The Section 5A of the PSX Rulebook mentions that Information Memorandum (IM) of the company would be prepared by the consultant-to-the-issue which would be approved by the PSX. Will the approval of SECP be required on the IM as the Section 5A does not explicitly mention about it? If yes, will SECP charge IPO application processing fee and supervisory fee?

Response: Approval of SECP is not required on the Information Memorandum (IM) of a Growth Company applying for listing on the Growth Enterprise Market (GEM). Since SECP approval is not required in the GEM Board listing, hence SECP charges for IPO application processing fee shall not be applicable. However, the GEM Issuer shall be required to pay SECP Supervisory Fee at the rate of 10% of the PSX's initial and annual listing fees.

2. Can consultant-to-the-issue invest in the issue along with providing advisory services?

Response: Chapter 5A of the PSX Rule Book, i.e. Regulations Governing Listing & Trading of Equity Securities on Growth Enterprise Market, does not restrict the Consultant to the Issue to invest in GEM Issue.

3. As the securities would only be offered to eligible investors (not the general public), is it necessary to appoint a book runner?

Response: When an Issuer opts to list a GEM company through Book Building method, it would be mandatory to appoint a Book Runner as the Book Building cannot be conducted without the appointment of Book Runner.

4. Is it required to take PSX book building software? If yes, what will be the charges?

Response: In case of offer of shares through Book Building, the Exchange shall play the role of the Designated Institution and the Exchange's BB software shall be used for Book Building. The Book Building software charges for the Main Board are PKR 500,000/-. However, PSX may consider granting a discount in Book Building software charges to Growth companies considering to get listed on GEM.

5. The company seeking listing on the GEM board will pay an initial listing fee to the PSX. Will the PSX charge any service fee over and above initial listing fees?

Response: As per PSX Rule 5A.19, a company seeking listing on GEM Board shall be required to pay an initial listing fee and annual listing fee.

6. Is it required to appoint a legal counsel?

Response: Chapter 5A of the PSX Rule Book does not specify requirement of a Legal Advisor. However, a Legal Advisor may be appointed at the discretion of the Issuer.

7. What are the expenses to the Issue?

Response: On an overall basis, the cost of listing on the Main Board is in the region of 4% to 5% of issue size. We would imagine that given the theoretically riskier nature of companies listing on the GEM Board, the overall cost would be somewhat higher, particularly the fee of an Advisor.

8. How to register Eligible Investors:

Response: NCCPL will provide the undertaking form to the Consultant which will be ultimately to the clients. Once signed by account holders/clients, they will be classified as eligible investors of GEM board.

9. What is the minimum ticket size per investor in fixed price method?

Response: minimum ticket size or the minimum investment amount would be the product of the minimum number of shares that may be subscribed by an investor and the issue price. The minimum number of shares that may be subscribed are 500 shares, and the issue price varies depending upon the issuer. **i.e.**

= (Minimum number of shares that may be subscribed by an investor) * (Issue Price)

= (500) * (Varies on case to case basis)