### Topics Covered

- Introduction
- Requisites for GEM Board listing
- Benefits of Listing
- CCG Compliance Relaxations
- Eligibility Criteria for Investors
- Listing Fee
- Responsibilities of Advisors / Consultants
- Information Required on Website
- Price Sensitive Information – Post Listing
- Other Relevant Points
- GEM Board vs Main Board
- GEM Listing Procedure
- Growth Strategy
- Resources and tools
What is the GEM Board?

Growth Enterprise Market Board is a listing platform aimed at facilitating Growth oriented businesses whether small, medium or greenfield businesses to raise capital to fund their growth and expansion plans.
The company has to be registered as a public entity

Minimum post issuance paid up capital of PKR 25 Million with no upper limit cap to the amount raised

Listing can be to raise fresh capital or offer shares for sale

Audited financial accounts for at least two preceding years by a QCR (Quality Control Review) rated audit firm. Not applicable for green field projects

Company website should be available

Must issue at least 10% of the post issue paid up capital.

Securities should be offered through Fixed Price method where the issue size is fully underwritten

Or through Book Building with eligible investors where the issue size is not less than 5 million shares and PKR 50 million

An Information Memorandum (IM) will be prepared and circulated

The Code of Corporate Governance will be selectively applicable on companies as approved by the commission.

Sponsors will have to retain 100% of their shareholding in the Issuer and their subsequent right and bonus shares issued, for a lock-in period of not less than a year.

Sponsor will hold at least 25% of the post issue paid up capital of the Issuer for a lock-in period of not less than 3 years.

Minimum number of subscribers required is 5

There are no profitability requirements for the GEM Board

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Why List - Benefits of Listing

**Raise Long Term Working Capital**
For funding expansions, mergers, working capital requirements, etc.

**Debt Limit Enhancement**
Banks improve loan limits with competitive interest rates to listed companies with higher paid up capital or Equity

**Enhances Company’s Public Profile**
IPOs can be effective branding and marketing tools as they attract media interest. Listed companies are regarded as industry leaders in their respective sectors.

**HR Capital**
For valuation of a public listed company all stakeholders use market value rather than book value which is mostly higher.

**Improved Relations with Bankers and Suppliers**
Due to the requisite of making financial accounts public and disclosing all price sensitive information, the banker’s and supplier’s trust on the company enhances.

**Higher Company Valuation**
For valuation of a public listed company all stakeholders use market value rather than book value which is mostly higher.

**Business Continuity and Succession Planning**
Listing makes transition from first generation to the next hassle free
Companies need not comply with the provisions of *Chapter 5 of PSX Rule Book*, which applies only to Main Board.

Within two years of listing, the company shall comply with the following Code of Corporate Governance Requirements:

1. Minimum number of Directors should be seven
2. Minimum number of independent Directors should be two or 1/3 of the board
3. Audit Committee include Independent Directors
4. Female Representation on Board
Only Eligible Investors are authorized to invest and trade shares in the GEM Board, which include institutional investors and individual investors.

Institutional Investors include:
- Financial Institutions
- Company as defined in the Companies Act
- Insurance Company
- Trust
- Securities Broker
- Funds
- Foreign Investors
- Any other entity as specified by the Commission

Individual Investors are persons registered with NCCPL having net assets of **PKR 15 Million** - other than residential property.
Listing Fees

Initial Listing Fees

- 0.05% of Post Paid Up Capital
- Capped at PKR 50,000/-

Annual Listing Fees

- PKR 50,000/- on Paid Up Capital up-to PKR 50 Million
- PKR 100,000/- on Paid Up Capital between PKR 50-100 Million
- PKR 200,000/- on Paid Up Capital exceeding PKR 100 Million
Responsibilities of Advisors / Consultants to the Issue for GEM Board

1. Prepare Issuer and make them ready for listing
2. Draft Information Memorandum with consultation with the issuer
3. Submit listing application to the Exchange on behalf of the issuer
4. Conduct road shows and pitch the issue to eligible investors
Information Required on Website

- Business Activities of the Issuer
- Details Regarding Board of Directors
- Past Financial Performance. (Not applicable for Greenfield Projects)
- Management Details
- Shareholding Details
- Name of Group and Associated Companies

Information Memorandum
Minimum information / disclosures required in the IM are contained in Schedule-I of Chapter 5A of PSX Rule Book.

Half yearly progress providing the status of the commitment mentioned in the IM.
Disclosure of Price Sensitive Information – Post Listing

Exchange needs to be informed of every non-public material information, such as:

- Decisions of its Board of Directors relating to:
  1. Cash dividend,
  2. Bonus issue,
  3. Right issue or
  4. Any other entitlement or corporate action
- Change of management
- Significant change in its financial condition
- Expected business performance
Advisors to the issue include;
1. Consultants To the Issue (CTIs),
2. Security Brokers licensed by the SECP,
3. Scheduled Banks,
4. Audit firms recognized by ICAP or ICMAP.

An Issuer may issue equity securities at premium to the par value

Trading shall take place through PSX Automated Trading System Settlement and custody as per existing regulations through NCCPL and CDC

If the issuer violates any provision of GEM Regulations, the Exchange may take any disciplinary action such as: Imposing a fine, Placing issuer in the Defaulters’ Segment, Suspend trading, etc.
<table>
<thead>
<tr>
<th>GEM Board</th>
<th>Main Board</th>
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</thead>
<tbody>
<tr>
<td>Only Information Memorandum (IM) required</td>
<td>A full Prospectus is required.</td>
</tr>
<tr>
<td>Code of Corporate Governance is applicable as per approval of SECP</td>
<td>Code of Corporate Governance applies</td>
</tr>
<tr>
<td>Only eligible investors can participate</td>
<td>General public can invest</td>
</tr>
<tr>
<td>Initial listing fees capped at PKR 50,000</td>
<td>Initial listing fees capped at PKR 1.5 Million</td>
</tr>
<tr>
<td>Minimum post issuance paid up capital of PKR 25 Million</td>
<td>Minimum post issuance paid up capital of PKR 200 Million</td>
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<tr>
<td>All TREC Holders can act as Advisors to the Issue. Audit firms, Banks are also eligible</td>
<td>Only approved TREC Holders by the SECP can act as Advisors to the Issue.</td>
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### Procedure to get your company listed on the Exchange?

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
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<tr>
<td><strong>Appoints Advisor</strong></td>
<td>- The Issuer finalizes an advisor, who does the initial due diligence in regards to financials, corporate structuring, legal and regulatory requirements etc., and formulates your company’s business plan moving forward. In short makes the Issuer listing ready.</td>
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<tr>
<td><strong>Business Plan evaluation</strong></td>
<td>- The business plan is evaluated by the advisor using different methodologies and its demand is gauged for the “Final Offer Structure” to get maximum value of the shares to be offered.</td>
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<td><strong>Finalization of Underwritings</strong></td>
<td>- After the terms of underwriting have been finalized, bankers to the issue and share registrar are appointed by the advisor.</td>
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<td><strong>Regulatory Filings</strong></td>
<td>- The Central Depository Company (CDC) checks for eligibility and induction into their virtual share depository system.</td>
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<td><strong>Marketing</strong></td>
<td>- Finalize pre-listing investors with the help of your advisor.</td>
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<td><strong>Subscriptions and Balloting</strong></td>
<td>- Advisor submits requisite regulatory documents for PSX and obtain the necessary approvals.</td>
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<td><strong>Post Issue Clearance</strong></td>
<td>- Advisor conducts road-shows, investor presentations and other marketing and sales events to create awareness about the upcoming issuance.</td>
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<td>- Share registrar and baloter collect subscription results form all bankers to the issue.</td>
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<td>- The bank will transfer the money from the subscriber to the issuers.</td>
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<td>- The company’s equity securities can be traded on the GEM Board.</td>
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Prospectus needs to be prepared

Minimum post issue paid-up capital of PKR 200 Million

Compliance with complete Code of Corporate Governance

Migration to Main Board
The issuer may migrate to the Main Board after fulfilling criteria prescribed by PSX Rule Book Chapter 5 including:

What will be your Growth Strategy?
Resources and tools

Forms and Documents

PSX Rulebook

QCR Rated Auditors

List of Consultants to the Issue
Contact Information

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