

## 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 Regulations as provided in chapter 6 of PSX Regulations.

### 5B.2. DEFINITIONS

In this chapter, unless the subject or context otherwise requires:

- (a) "Bid Price" shall mean the price for which a Market Maker is willing to pay for the purchase of Debt Securities;
- (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 company or not;
- (c) "Debt Securities Trustee" shall mean a person as defined in the Debt Securities Trustee Regulations, 2012;
- (d) "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;
- (e) "Market Maker" for the purpose of this chapter means a person appointed by the Issuer for Market Making of its Debt Security;
- (f) "Market Making" shall mean the display of two-way quotes i.e. Bid Price and Offer Price on continuous basis during the designated market making period by the Market Maker for the purchase and sale of the concerned Debt Securities" in accordance with this chapter;
- (g) "Offer Price" shall mean the price for which a Market Maker is willing to sell Debt Securities;
- (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.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) its entity rating and the instrument rating is not less than BBB. Instrument rating in case of Short Term instruments may not be required;
  - (e) any of its Securities is not on the Defaulter's Segment of the Exchange, if it is already listed;
  - (f) it and its sponsors and directors has/have no overdue loans of any bank or financial institution.
- 5B.3.2. The Exchange shall not entertain listing application of an Issuer:
- (a) Whose Chief Executive has been found to have violated any provision of this chapter or chapter 5 of PSX Regulations of any others/listed company on the Exchange in which he had been the Chief Executive.
  - (b) Whose promoters/sponsors/controllers directors are in the defaulters list of State Bank of Pakistan either in their individual capacity or in the capacity of directors of other companies. Or there is an overdue payment reflected against the name of promoters/sponsors/controllers directors in the latest CIB report. Provided that such person will be allowed if he clears his name after settling his dues. However, this will not apply to nominee directors of the Government and Financial Institutions. The Issuer shall also provide a list of its Controlling Directors.
  - (c) Whose promoters/sponsors/controllers directors are also promoters/sponsors/controllers directors in other listed companies, which are in default of any provision of this chapter or chapter 5 of PSX Regulations. Further, no person shall be allowed to act as sponsor/controller director of a company which was delisted during last five years and non-compliant of any provision of this chapter or chapter 5 of PSX Regulation at the time of its delisting. However, this will not apply to nominee directors of the Government and Financial Institutions. The Issuer shall also provide a list of Controlling Directors.

- (d) Which is a wholly owned subsidiary company of a Listed Company which has violated any provision of this chapter or chapter 5 of PSX Regulations and is still in default of any such provision.
- (e) Which is an associated company of any other Listed Company which has violated the Listing Regulations of the Exchange and is still in default of any provision of this chapter or chapter 5 of the PSX Regulations. However, this will not apply to nominee directors of the Government and Financial Institutions.
- (f) If any of its directors/sponsors/substantial shareholders had been declared defaulter by the stock exchange or has been the promoter/sponsor/substantial shareholder of a Brokerage House which was expelled or whose TRE Certificate was cancelled/forfeited by a stock exchange.
- (g) A running company for one full year or more, reflecting losses in their last audited accounts, shall not qualify for listing its equity is eroded by 40% or more.

#### 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 capital to the General Public excluding the Pre-IPO investors shall be as under:

- (i) in case issue size is up to Rs. 500 million, the allocation of capital to the General Public shall not be less than Rs. 100 million or 25% of the issue size, whichever is higher;
- (ii) in case issue size is above Rs. 500 million and up to Rs. 2 billion, the allocation of capital to the General Public shall not be less than Rs. 125 million or 15% of the issue size, whichever is higher;
- (iii) in case issue size is above Rs. 2 billion and up to Rs. 10 billion, the allocation of capital to the General Public shall not be less than Rs. 300 million or 10% of the issue size, whichever is higher;
- (iv) in case issue size is above Rs. 10 billion, the allocation of capital 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 for a period not less than the tenure of the Debt Security.
- 5B.4.3. The Issuer shall appoint, through agreement in writing, a Market Maker for a period not less than the tenure of the Debt 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 Short Term shall be rated from a credit rating company registered with the Commission. The credit rating report of the entity and the instrument 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. 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 in the prospectus.
- 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. 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.4.10. Trading in Debt Securities listed under this chapter shall commence one trading day after the date of their formal listing;
- 5B.4.11. The Debt Securities shall be traded at the Exchange's Bond Automated Trading System (BATS);
- 5B.4.12. 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.4.13. The sponsors and directors of the Issuer shall not participate in subscription of Debt Securities offered to the General Public.

- 5B.4.14. In case there is any allocation of capital, 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.4.15. The prospectus with the proforma 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.4.16. The prospectus and proforma application form shall be placed on the website of the Issuer and the consultant/Lead Manager to the issue.
- 5B.4.17. Allocation of capital, out of the pre-IPO placement, if any, to any single investor shall not exceed 25% of the total issue;
- 5B.4.18. 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.4.19. 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.4.20. The Issuer shall refund the application money in case of unaccepted or unsuccessful applications within 10 days of the date of such decision.
- 5B.4.21. 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.4.22. 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.4.23. 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.4.24. 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.4.25. 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 every director of the Issuer, other than the nominee directors shall be, jointly and severally, liable to repay that money with surcharge at the rate of one and half percent for every month or part thereof from the expiration of the fifteenth day.
- 5B.4.26. 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 shall for listing of any of its Debt Securities, make an application on **Form-A** to the Exchange along with the documents/information as mentioned in **Annexure-I**.
- 5B.5.2. The Issuer shall pay an initial listing fee of such amount as mentioned in regulation 5B.9.
- 5B.5.3. 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 prospectus which shall be issued, circulated and published after approval of the Commission as required under the Ordinance. The prospectus shall contain such information, material and disclosures as required under the Ordinance; 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 from 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 the Debt Securities Trustee the following documents/information:
- (i) 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;
  - (vi) Decision of the Board of Directors of the Issuer regarding prepayment of any debt obligation, if any.
- 5B.8.7. The Issuer shall, in addition to the documents/information mentioned above, submit to the Exchange the following information, documents and reports:
- (i) any delay/default in payment of profit/mark up/interest and principal amount on any other debt obligation and reasons thereof;
  - (ii) 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;
  - (iii) change, if any, of the Debt Security Trustee on same day;
  - (iv) 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;
  - (v) change, if any, in its accounting policies;
  - (vi) change, if any, in the credit rating of the Issuer;
  - (vii) change, if any, in its management and address of its registered office;
  - (viii) change, if any, that may have effect on the rights and privileges of the Debt Security holders;
  - (ix) change, if any, in the nature of business of the Issuer due to any reason;

- (x) prohibitory order, if any, restraining the Issuer from transferring the Debt Security from the name of any Debt Security holder;
- (xi) any transaction whether related party or otherwise that adversely affect interest of the Debt Security holders;
- (xii) 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;
- (xiii) any action against or by the Issuer that would adversely affect payment of principal amount and profit/mark up/interest on the Debt Security;
- (xiv) 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
- (xv) any other information/documents as required by the Exchange.

5B.8.8. The Issuer, till complete redemption of the Debt Security, shall ensure that:

- (i) The unclaimed profit/mark-up/interest, if any, is not forfeited and is kept under a separate head of account namely, "Unclaimed Profit/Mark-up/Interest";
- (ii) Proper book closure is announced for the purpose of payment of profit/mark-up/interest, redemption of the principle amount, meeting of the security holders or for such other purposes as the Exchange may deem fit; and
- (iii) 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 period of 7 days but not exceeding 15 days at a time for closure of Security Transfer Register, for any purpose, not exceeding 45 days in a year in the whole.

5B.8.11. Book closure for entitlement of the Debt Security holders shall be intimated to the Exchange not later than 14 days prior to commencement of the same.

5B.8.12. No Issuer shall exercise any lien whatsoever on listed Debt Securities and nor shall there be any restriction on their transfer.

5B.8.13. 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.8.14. The Issuer shall furnish to the stock exchange soft copy of the complete list of its Debt Security holders within 30 days of the end of each calendar year.

#### 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/-

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, 2012.

#### **5B.11. APPOINTMENT AND FUNCTIONS OF MARKET MAKER**

5B.11.1. For the purpose of this chapter, Market Maker shall be appointed by the Issuer

5B.11.2. A person shall be eligible to be appointed as a Market Maker if such person:

- (a) Is:
  - i. A Corporate Brokerage House; or
  - ii. A financial institution which satisfies the eligibility criteria devised by the Exchange with prior approval of the Commission. In such case, the application shall be accompanied with prior written consent from the concerned designated Broker.
- (b) Has a minimum equity (net of provisions and capitalized losses if any) of Rs.100 million as per the latest audited financial statements.

5B.11.3. A Market Maker may resign after three months of commencement of its term by providing the Issuer and Exchange at least two months' prior written notice along with the reasons for resignation and specifying the effective date of resignation, provided that a substitute Market Maker in the Debt Security which fulfills the eligibility criteria is ready to take the outgoing Market Maker's role and responsibilities for the remaining period of the term of such Debt Security.

5B.11.4. The Market Maker shall be responsible to perform the below mentioned functions:

- (a) The spread charged by the Market Maker shall not be more than the one as disclosed in the prospectus for issue of the Debt Security.
- (b) The Market Makers must at all times hold at least one percent of the outstanding amount of the Debt Security.
- (c) The Market Maker shall mandatorily make available two way quotes on continuous basis during Market Making period; Market Maker shall be bound to purchase or sell a maximum of one percent of total principal outstanding of the issue in the Debt Security during a trading day or such other percentage as may be prescribed by the Exchange;
- (d) Market Maker shall make available copy of the prospectus to the investors at all times;
- (e) It shall be obligatory for a Market Maker to replenish its orders/quotes within 90 seconds following full execution, withdrawal, expiration or any change in the price of either bid or offer;
- (f) The Market Making Orders/Quotes are to be maintained on both sides during Market Making period as per Market Making agreement which shall be for the tenure of the Debt Security.
- (g) The Market Maker shall be allowed to Blank Sale in Debt Security subject to sufficient pre-existing interest at the end of each Blank Sale day to validate that the Market Maker can deliver the quantity sold blank during the trading day.

#### **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. CIRCUIT BREAKERS AND SUSPENSION OF TRADING**

5B.13.1. The security-wise circuit breakers imposed by the Exchange from time to time shall also be applicable on Debt Securities.

Further, the Market Maker may not be required to enter two-way quotes where the relevant Debt Security continuously trades for fifteen minutes within one percent below the applicable circuit breakers.

5B.13.2. The Exchange may suspend trading in any Debt Security where:

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



- (b) 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 or redemption of principal amount is delayed; or
- (c) the protection of investors so requires.

#### **5B.14. DISCIPLINARY ACTION**

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.14.1. It may impose a fine on the Issuer to the extent 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 penalty shall be imposed unless an opportunity of hearing has been granted;

- 5B.14.2. Publish the fact that the Issuer has been fined or warned; and

- 5B.14.3. It may place the Debt Security on the Defaulters' Segment and may suspend its trading if payment of profit/mark-up/interest or redemption of principal amount is delayed.

**FORM A**

**FORM OF APPLICATION UNDER SECTION 9 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969 FOR  
LISTING OF DEBT SECURITIES UNDER THIS CHAPTER**

*[Regulation 5B.5.1.]*

[This shall be on the Letterhead of the Issuer]

Date: \_\_\_\_\_

The General Manager,  
Pakistan Stock Exchange Limited,  
Karachi.

Dear Sir,

1. We hereby apply for listing of (Name of the Debt Security) of (Name of the Company) on your Stock Exchange under Section 9 of the Securities and Exchange Ordinance, 1969 read with 5B.5.1. of these Regulations.
2. Necessary documents/information as required under 5B.5.1. of the 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 along with application:

- (i) Copy of the full and abridged prospectus for clearance of the Exchange before submission of the same to the Commission for approval under section 57 of the Companies Ordinance, 1984;
- (ii) Copy of the 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 along with minutes of the meeting of the Board of Directors.
- (iii) Copy of the license, consent, approval, NOC etc. in case of specialized companies from the concerned regulatory authority for undertaking/carrying on the business.
- (iv) Copy of the Information Memorandum, if any, prepared for circulation among the pre-IPO investors.
- (v) Pay Order/Bank Draft/Cheque in favour of the Exchange for payment of non-refundable initial listing fee at the rate as mentioned in this chapter.
- (vi) An unconditional undertaking on non-judicial stamp paper by the Issuer on the format as given at **Annexure-III**.
- (vii) In case of secured Debt Securities, an **undertaking** on non-judicial stamp paper 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 have been obtained for creation of charge on these assets in favour of the Debt Securities Trustee.
- (viii) In case a part of the issue is allocated to pre-IPO investors, an **undertaking** on non-judicial stamp paper by the Company stating that pre-IPO investors shall subscribe to the Debt Security at least three days 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.
- (ix) Copy of power of attorney in favour of the consultant to the issue, if any.
- (x) Copy of the consent letter from the consultant to the issue, if any. The letter shall state that the consultant has given its consent to act as consultant to the issue and that this consent shall not be withdrawn till the formal listing of the Debt Security and if withdrawn any time before the formal listing, the Exchange will be informed immediately.
- (xi) A letter from the consultant to the issue, if any, stating that:
  - (a) to the best of their knowledge and belief the disclosures made in the prospectus are true, fair, correct and adequate;
  - (b) the Issuer fulfills all the requirements of this chapter of these Regulations;
  - (c) the Debt Security, if required, created in favour of the Debt Securities Trustee is appropriate and sufficient; and
  - (d) 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) Copy of the consent letter from the Legal Advisor to the issue.
- (xiii) Latest pattern of shareholding of the Issuer.
- (xiii) Copy of the complete Credit Rating Report of the entity and the instrument obtained from any Credit Rating Issuer registered with the Commission.
- (xv) Copy of the Trust Deed executed between the Issuer and the Debt Securities Trustee.
- (xvi) Copy of the Letter of Hypothecation along with detail of assets hypothecated, if applicable.
- (xvii) Copy of CDC notice with respect to declaration of its Debt Security as CDS eligible security.
- (xviii) CIB Report from State Bank of Pakistan in respect of the Issuer, member of its Board of directors, holding company and associated companies, if any of the Issuer. (This will not apply to nominee Directors of the Government and Financial Institutions).
- (xix) Copy of underwriting agreement(s), where applicable, along with No Objection Certificate(s) from the underwriter(s) for publication of the 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).
- (xx) Auditors' Certificates of the Issuer under section 53(I) read with Clause 28(1) of Section 2 of Part-I of the second schedule to the Companies Ordinance, 1984 also showing the break-up value per ordinary share on the basis of latest audited accounts along with its calculation and copy of the consent of the auditor as required under Section 57(5) of the Companies Ordinance, 1984.
- (xxi) Copies of the consent letters from Bankers to the Issue along with undertaking of the banks concerned, 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.
- (xxii) Consent of the Debt Securities Registrar to the Issue.
- (xxiii) Copies of all the material contracts related to the Debt Security issue.
- (xxiv) Any other documents/material contract and such other particulars as may be required by the Exchange.
- (xxv) In case of an Issuer whose equity shares are not listed on the Exchange, following additional documents shall also be provided:
  - (a) Copy of memorandum and articles of association of the Issuer.
  - (b) Copy of the certificate of incorporation of the Issuer.
  - (c) Copy of the certificate of commencement of business of the Issuer.
  - (d) Copy of the certificate for change of name of the Issuer, if applicable.
  - (e) Copy of the conversion certificate from private to public company; if applicable.
  - (f) Audited annual accounts of the Issuer for the last 3 years and its latest quarterly accounts, if any or for a shorter period if three years of the commencement of business are not completed.

**Notes:**

- (i) Please note that copies of all the documents are certified by the Company Secretary.
- (ii) Please note that all documents relating to regulatory authority are duly certified from the concerned regulatory authority.

- (iii) In addition to one copy in hard form, scanned copies one each of the following documents shall be provided:
- a. Memorandum and Articles of Association where applicable;
  - b. Information Memorandum, if any; and
  - c. Audited annual accounts of the Issuer for the last 3 years and its latest quarterly accounts or for a shorter period if five years of the commencement of business are not completed.

**Annexure-II**

**CONTENTS OF INFORMATION MEMORANDUM**

***[Regulation 5B.7.1]***

1. 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 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
    - 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 excluding the nominee directors, the Chief Financial Officer and the Company secretary
  - (vii) Organization structure of the Issuer and its principle 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) Five years' financial highlights 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 un-secured, 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 & conditions for investment in the Debt Security;
  - (xv) Purpose of the issue & 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 (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.;
  - (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 of such party, etc.;

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- (xviii) Five years' financial projections (i.e. Balance Sheet, Income Statement, cash flow statement and statement on changes in equity) including key financial ratios;
  - (xix) 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;
  - (xx) Detail of security, if applicable, 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/consent of the existing creditors, creditor-wise and nature-wise break up of total existing debts etc.;
  - (xxi) 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;
  - (xxii) All the risk factors associated with the investment in the Debt Security of the Issuer and their mitigants;
  - (xxiii) 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, competitors of the Issuer, etc.;
  - (xxiv) Summary of all the material contracts relating to the Issue and the project, if any;
  - (xxv) Names and contact details of the Issuer's bankers, legal advisors, transfer agent and consultants to the issue;
  - (xxvi) Name(s) and contact details of the persons authorized by the Issuer in respect of offering/issuance of the Debt Security;
  - (xxvii) The Issuer's behavior towards servicing of existing debts i.e. the mark up and principal amount on existing term loans and Debt Securities issued by it is paid on time.

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,  
Pakistan Stock Exchange Limited,  
Karachi.

I, on behalf of ... (Name of the Issuer) (the Company) ... 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 Director

Place:

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