



## PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

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PSBA/Notice-171

August 12, 2024

### NOTICE FOR MEMBERS

#### LISTING OF SHORT-TERM CORPORATE SUKUK AT STOCK EXCHANGE

Dear Members,

This is in reference to the concept paper dated August 12 2024 (attached), whereby the SECP has invited the comments:

In this regard, the members are hereby requested to kindly submit your comments, if any, at [psamail024@gmail.com](mailto:psamail024@gmail.com) latest by **August 20, 2024**, so that a consolidated response can be forwarded to the authorities for their consideration.

\_\_\_\_\_sd  
**AKBER ALI**  
Officer - Secretariat

Copy to:

1. PSBA Website



SECP

SECURITIES AND EXCHANGE  
COMMISSION OF PAKISTAN

# CONCEPT PAPER: LISTING OF SHORT-TERM CORPORATE SUKUK AT STOCK EXCHANGE

August-2024



## Preamble:

SECP intends to create an enabling regulatory environment for the smooth listing of short-term tradable corporate sukuku for the development of Islamic capital markets. This document focuses on a roadmap to explore the potential of listing of short-term corporate sukuku at the Pakistan Stock Exchange Limited, either through public offering or private placement.

## 1. INTRODUCTION:

Sukuk are financial instruments that adhere to Islamic commercial law and provide a Shariah-compliant substitute for project financing, working capital requirements, and funding other needs of governments and companies. A sukuk represents ownership in the underlying assets as compared to interest-based loan. The holders of sukuk are entitled to economic returns in the form of profits or rental income under the risk sharing arrangement.

## 2. GLOBAL LAND SCAPE:

Sukuk is now firmly established as a viable source of financing, according to IFSB's Islamic Financial Services Industry Stability Report 2023, USD 830 billion amount sukuk outstanding on the reporting date, comprising around 25% of global Islamic finance assets<sup>1</sup>, led by Malaysia, Indonesia, Saudi Arabia, Turkey, and very recently, Pakistan, which has started to register its mark as an emerging player in developing Islamic capital market instruments. As per the Global Sukuk Report issued by IIFM, 1,480 sukuk have been issued globally in 2022, with a combined value of over USD 182.75 billion by Muslim and non-Muslim countries.

## 3. LOCAL LAND SCAPE:

In Pakistan, the sukuk market is witnessing renewed interest, as both sovereign and corporate sukuk issuances are gaining momentum.

### 3.1. Corporate Sukuk Market:

Corporate Sukuk in Pakistan can be issued either through private placement or public offering.

#### 3.1.1. Private Placement:

Under the private placement, corporate issuer can place the Sukuk only to institutional investors and accredited individual investors through issuance of Information Memorandum. Shariah Approval of SECP is mandatory in accordance with the Shariah Governance Regulations - 2023. The approval provided by Commission is on the Shariah Structure of the Sukuk only and no other approval from SECP is required. Subsequent to private placement, the Issuer can opt to list the sukuk at Pakistan Stock Exchange (PSX) for trading amongst the eligible private investors.

#### 3.1.2. Public Offering:

Under public offering, Corporate Issuer can place the Sukuk to the General Public including institutional Investors through issuance of Prospectus. In case of Public Offering, listing of Sukuk at PSX is mandatory. Following regulatory approvals are required in public offering of Sukuk:

- i. Certificate for Shariah Compliant Security.
- ii. Approval of Prospectus from SECP and PSX.
- iii. Listing approval from PSX.

<sup>1</sup> Islamic Financial Services Industry Stability Report 2023, issued by IFSB

## 4. COMPARISON OF PSX PUBLICLY LISTED AND PRIVATELY LISTED SUKUK INSTRUMENTS FRAMEWORK:

Parameters	Publicly Listed Instruments	Privately Placed Listed Instruments
Operational Status of the Company	Must be in operations.	No such condition.
Profitability requirements	Profitable track record for last two preceding years. Additional conditions, in case company is not profitable. i. Lock in period requirement on Sponsor. ii. Risk disclosure. iii. Business plan	No such condition.
Paid Up Capital of the Company	PKR 200 million or above.	PKR 25 million or above.
Issue Size of the Instrument	PKR 200 million or above.	PKR 25 million or above.
Credit rating requirement	Instrument rating: i. A2 (short term) in case of short-term securities  ii. BBB+ (long term)/ A2 (short term) in case of long-term securities.  In case of short-term instrument, instrument rating can be waived if the issuer has obtained entity rating and such rating is not less than "A-" (long term)/ "A2" (short term).	Instrument rating: i. BBB+ (triple B plus) in case of long-term instrument.  Short term instruments are not required to be rated provided the issuer is rated and such rating is not less than BBB (triple B).
No Overdue amount	No overdue loan in CIB report of the Issuer the sponsors/promoters, substantial shareholders and directors.	No overdue loan in CIB report of the Issuer, the sponsors/promoters, substantial shareholders and directors.
Structure of the security	Trust structure or issuance agreement as per the Structuring of Debt Securities Regulations, 2020.	Trust structure or issuance agreement as per the Structuring of Debt Securities Regulations, 2020.
Appointment of Intermediates	i. Consultant to the Issue. ii. Underwriter. iii. Debt securities trustee or Investment agent depending on structure. iv. Shariah advisor in case of shariah compliant security.	i. Debt securities trustee or Investment agent depending on structure. ii. Shariah advisor in case of shariah compliant security.

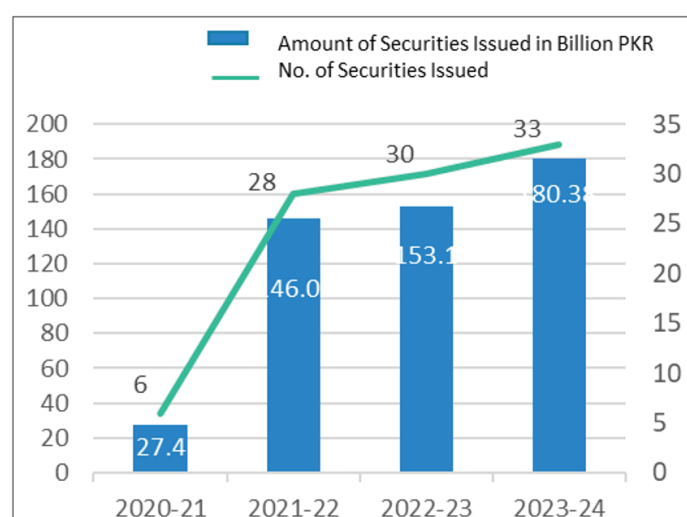
Parameters	Publicly Listed Instruments	Privately Placed Listed Instruments
Offering document	Issuance and publication of Prospectus	Issuance of Information Memorandum
Placement of instrument to Investors.	General Public	Eligible investors notified by the Commission under section 66 of the Companies Act, 2017.
Regulatory approvals	<ul style="list-style-type: none"> <li>i. Approval of Prospectus by the PSX and SECP.</li> <li>ii. Approval of Listing application by PSX.</li> <li>iii. Approval of shariah structure by SECP in case of shariah compliant security.</li> </ul>	<ul style="list-style-type: none"> <li>i. Approval of listing application by PSX.</li> <li>ii. Approval of shariah structure by SECP in case of shariah compliant security.</li> </ul>
Process for Public Offering of Securities.	<ul style="list-style-type: none"> <li>i. Application to SECP for approval of Shariah Structure. Shariah approval to be obtained before the public subscription.</li> <li>ii. Appointment of Consultant to the Issue.</li> <li>iii. Preparation of Prospectus and Listing application.</li> <li>iv. Submission of Prospectus to the PSX and SECP (Simultaneously) through Pride for approval.</li> <li>v. Placement of Prospectus on PSX website for public comments. (5 working days)</li> <li>vi. Regulatory review period (5 working days): PSX and SECP to provide comments.</li> <li>vii. Response Period (5 working days): Issuer and CTI to resolve the comments and provide due-diligence certificate.</li> <li>viii. PSX to grant approval on receipt of due-diligence certificate (2 working days).</li> <li>ix. SECP to grant approval on receipt of PSX approval (2 working days).</li> <li>x. Roads shows by CTI and Issuer.</li> <li>xi. Public Subscription.</li> <li>xii. Listing of Securities.</li> </ul>	<ul style="list-style-type: none"> <li>i. Application to SECP for approval of Shariah Structure.</li> <li>ii. Subsequent to shariah approval, placement of securities.</li> <li>iii. Listing application to PSX.</li> <li>iv. Listing of Securities.</li> </ul>
Minimum Time	29 working days.	Not available
Estimated Cost	4-5%	Not available

Parameters	Publicly Listed Instruments	Privately Placed Listed Instruments
Main applicable laws and regulations	<ol style="list-style-type: none"> <li>Securities Act, 2015</li> <li>Public Offering Regulations, 2017.</li> <li>Chapter 5B of the PSX rule book (Listing of Sukuk)</li> <li>Structuring of Debt Securities Regulations, 2020.</li> <li>Shariah Governance Regulations, 2023.</li> </ol>	<ol style="list-style-type: none"> <li>Section 66 of the Companies Act 2017.</li> <li>Notification issued by the Commission under section 66 of the Companies Act, 2017.</li> <li>Private Placement of Securities Rules, 2017.</li> <li>Chapter 5C of the PSX rule book (Listing of Sukuk)</li> <li>Sukuk (Privately Placed) Regulations, 2017.</li> <li>Shariah Governance Regulations, 2023.</li> </ol>

## 5. POTENTIAL OF CORPORATE SUKUK:

In Pakistan, Local Corporate Sukuk Market is predominately captured by privately placed short term sukuk instruments. There has been an increasing trend to issue short-term Sukuk for Shariah-compliant resource mobilization to fund working capital requirements.

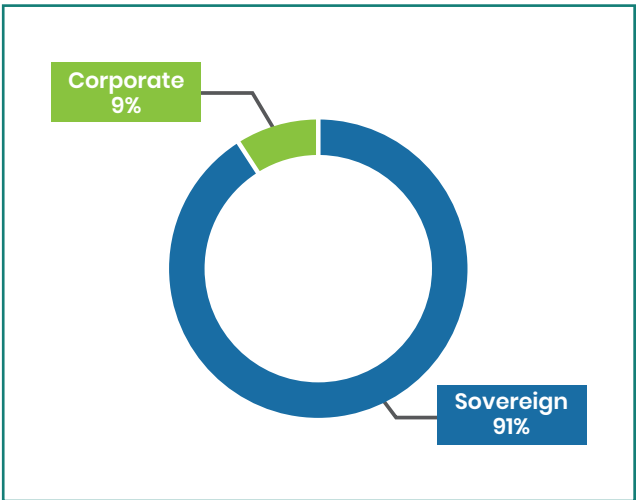
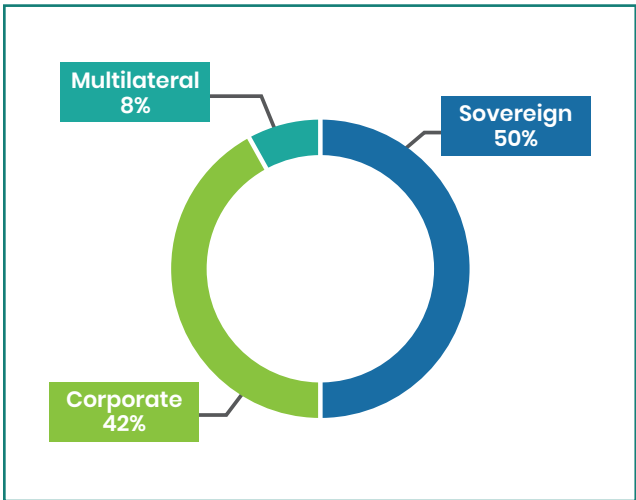
Considering the high cost of raising funds through banks, companies are looking forward to raise capital through issuance of capital market instruments to tap investors or institutions that are interested in Shariah-compliant investments.



Since July 2020, SECP has certified Shariah structures of more than 97 Sukuk structures worth around Rs. 500 billion, which exhibits huge demand for corporate sukuk in Pakistan. During the years 2022–2023, the SECP approved Shariah-compliant structures for 30 such sukuks, amounting to Rs 153 billion.

## 6. CORPORATE MARKET SIZE

Globally, 42% of the total sukuk issuance consists of corporate sukuk having different underlying Shariah structures. Whereas in Pakistan, this mix of corporate and sovereign sukuk in 2023 is approximately Rs. 153 billion for Corporate Sukuk issuances in comparison to 1.7 trillion Sovereign sukuk. This shows a significant demand and potential for corporate sukuk, which Pakistani companies can tap.



## 7. SNAP SHOT OF LISTED CORPORATE SUKUK MARKET

Below table depicts the position of publicly issued and privately placed debt instruments that are currently listed at the PSX:

Description	Conventional	Shariah Compliant	Total
Total No. of Instruments	26	9	35
Amount Raised (PKR billion)	117	446	563
<b>Publicly placed</b>			
Publicly placed	10	3	13
Amount Raised (PKR billion)	32	28	60
<b>Privately Placed</b>			
Privately Placed	16	6	22
Amount Raised (PKR billion)	85	418*	503

\* Rs. 399 Billion pertains to Pakistan Energy Sukuk I & II which was issued by corporates backed by GOP

The above data provides interesting insight regarding companies preferring privately placed sukuk instruments for large ticket transactions. Moreover, although the number of conventional issues is higher, a significantly larger amount has been raised through sukuk issuance. Listing of a much larger number of privately placed debt instruments at PSX, indicates that the relatively relaxed requirements are attracting issuers to use this avenue.

## 8. POTENTIAL CHALLENGES – LISTING OF SHORT TERM SUKUK INSTRUMENTS:

- Corporate sukuk issuers in Pakistan are preferring the private placement option to mobilize Shariah-compliant financial resources rather than going for a public offer, primarily due to apprehensions regarding the regulatory approval timelines and costs involved.
- Despite reduction in the regulatory approval timelines to 14 working days for public offering, it is still not viable for some companies looking for quick and multiple (series of) issues for meeting urgent working capital requirements.
- Requirements of seeking approval for each short-term issue become cumbersome, especially in case of public offer, where separate applications are required to be submitted for listing and approval of prospectus for each issuance.
- Listing of privately placed sukuk at PSX also requires submission of separate listing application in each case.

## 9. BENEFITS OF LISTING AND PUBLIC OFFERING

- By listing Sukuk on the PSX, companies can enhance their visibility and credibility, attracting investors seeking Shariah-compliant investment opportunities.
- Issuer can discover the profit rate of sukuk instruments through competitive price discovery process (book building).
- Issuers can diversify the investors base by attracting large institutional investors including provident and pension funds. Institutional investors, particularly Modarabas, Takaful operators, Islamic mutual funds, retirement schemes, and individual investors, are expected to grow their investment portfolios with the development of Listed corporate sukuk market.
- Transparent pricing mechanisms for listed corporate sukuk can help ensure fair valuation and efficient market operations, aiding investors in making informed decisions.
- Listing enables investors to trade securities in the secondary market, thus increasing liquidity and market efficiency.
- Listing of sukuk will enhance transparency and market efficiency in the Islamic capital market, as a wider range of investors may be attracted, considering that the sukuk is compliant with exchange regulations and disclosure requirements, demonstrating commitment of the issuer towards enhanced transparency and corporate governance standards.
- Listing of corporate sukuk will also be helpful in the growth of the Islamic capital market, as healthy growth in this segment is expected with the development of an Islamic capital market for redeemable instruments as an alternative to the conventional debt market.
- Institutional investors, particularly Modarabas, Takaful operators, Islamic mutual funds, retirement schemes, and individual investors, are expected to grow their investment portfolios with the development of these segments as this will help addressing the liquidity needs of NBFIs.



## 10. RECENT REGULATORY INTERVENTIONS:

Regulatory interventions by the SECP in past few years to promote listing of both publicly listed and privately listed sukuk include the following:

- Objective eligibility criteria for public offer of sukuk has been revised to enable companies with a track record of less than three years and a profitable track record of less than two years to issue sukuk.
- The requirement for audited accounts has been reduced from 5 years to 2 years, and the processing time for listing applications has been reduced to 15 working days.
- Regulatory requirements such as credit rating, market making, and information memorandum have been relaxed for privately placed listed Sukuks.
- Market Making framework for debt securities including Sukuk has been revamped to bring liquidity in secondary market and allow trading of government debt securities at Pakistan Stock Exchange (PSX). Under the revamped framework, in addition to brokers, non-broker members have been allowed to place quote(s) at the PSX Trading System for corporate debt securities (including Sukuk) and government debt securities. As of date, 18 financial institutions are registered with PSX as Market Maker for placing quotes on Trading system for both Corporate and Government Debt Securities.
- To increase outreach of debt issue, accredited individual investors have also been allowed to invest in privately placed debt securities in addition to Institutional Investors.
- Listing and trading of privately placed debt securities has been allowed at PSX.
- To enable issuer of debt securities to discover spread through a competitive process, SECP has introduced the Book Building method for spread discovery.
- To provide standard structure for issuance of both secured and unsecured debt securities, SECP has notified Structuring of Debt Securities Regulations, 2020. The standard structure has enabled issuance of both secured and unsecured debt securities, including Government debt securities, through execution of issuance agreement.
- Enhanced disclosures, including front-page risk disclosures, enable investors to make informed decisions.
- The universe of CTI has been enhanced, allowing banks, DFIs, and investment finance service license holders to become CTIs for IPOs of debt securities.
- The regulatory time for processing a prospectus application by the PSX and SECP has been reduced to 14 working days.

## 11. PROPOSED REGULATORY INTERVENTIONS:

Considering the renewed interest of corporates in the Sukuk market by way of issuance of short-term Sukuk, there is a need to facilitate the corporates in issuance and listing of short-term Sukuk in a cost-effective and efficient manner. To promote the issuance and listing of short term sukuk, following measures are being proposed:

- (i) The concept of Shelf Registration allows companies to issue sukuk in tranches through a single offering document. Approval of the Commission is required at the time of issuance of shelf prospectus and before issuance of each tranche. Following measures are recommended to streamline the approval process for short term sukuk issued through Shelf Registration:
- (a) Condensed version of the Shelf Prospectus to be introduced for sukuk issuance which may include only term sheet and other important details relating to the Issue and the Issuer. A draft condensed version of the Shelf Prospectus is attached as **Annexure-A**.
  - (b) Approval of PSX and the Commission for the Shelf Registration Prospectus and Shariah structure may be granted within fourteen (14) working days.
  - (c) Format be introduced for simplified supplement to the prospectus. A draft simplified format is attached as **Annexure-B**.
  - (d) The requirement of submitting listing application for each tranche may be waived. PSX may grant one-time approval at the time of listing of the first tranche.
  - (e) Approval of supplement to the prospectus before each tranche to be processed as per following arrangement:
    - i. In case there is no material change in the business model, utilization of proceeds and/or financial performance of the Company, since publication of shelf prospectus/last supplement to the prospectus, the Issuer shall submit undertaking confirming the same along with a copy of the supplement to the prospectus. The Issuer can proceed further with the public subscription on submission of these documents and no further approval may be required; and
    - ii. In case there is a material change in the business model, utilization of proceeds and/or financial performance of the Company, the Issuer shall be required to submit supplement to the prospectus for approval of the Commission, and the Commission shall process the same within 7 working days.
- (ii) Similar condensed version of prospectus may also be introduced for sukuk instruments other than shelf registration, with approval for shariah structure and prospectus to be granted by Commission and PSX within 14 working days (draft condensed version attached as **Annexure-A**).
- (iii) Condensed version of abridged prospectus may be introduced for all types of short-term sukuk with only salient features of the issue and a QR code for accessing audited accounts and prospectus (draft condensed version attached as **Annexure-C**).
- (iv) To harness the benefits of digitalization and minimize issue costs, companies may be allowed to meet requirements for publication of the abridged prospectus/supplement to the prospectus in daily Urdu and English newspaper, by making such publication through electronic mode in digital newspapers; and placing the abridged prospectus/supplement to the prospectus on the company website and the website of the PSX.
- (v) The requirement of appointment of Consultant to the Issue (CTI) be made optional for sukuk issuance by both listed and unlisted companies.

- (vi) There should be no underwriting requirement for issuance of short-term sukuk.
- (vii) PSX initial and annual listing fees and CDC induction fees relating to publicly listed and privately listed sukuks to be reduced to the maximum extent possible.
- (viii) In case of privately placed sukuk instruments having similar structure and being issued by same Company, the requirement of submitting listing application for each sukuk may be waived. PSX may grant one-time approval for listing of series of privately placed sukuk instruments for a period of three years.

**A table showing comparison between existing and proposed requirements is given below:**

	Existing	Proposed
Appointment of Consultant to Issue	Yes	Optional
Appointment of Underwriter	Yes	Not required
Drafting of Prospectus	Yes	Yes <ul style="list-style-type: none"> <li>o Condensed version of shelf prospectus/prospectus.</li> <li>o Condensed version of abridged prospectus.</li> <li>o Simplified supplement to the prospectus</li> </ul>
Approval of PSX	Yes	<p><b>Listing and Prospectus/Shelf Prospectus:</b> Approval of PSX and SECP would be required however, regulatory approval timelines to be reduced to 14 working days for Prospectus/Shelf Registration Prospectus.</p> <p>PSX to grant one-time listing approval of the entire shelf registration transaction. No need to apply to PSX at the time of listing of each tranche.</p> <p><b>Supplement to the Prospectus:</b> No further approval of the Commission would be required for Supplement to the Prospectus if there is no material change in the business model, utilization of proceeds, and/or financial performance of the Company. - Company to only submit an (i) undertaking regarding no material change; and (ii) supplement to the prospectus.</p> <p>Approval of Commission would be required if there is material change in business model, utilization of proceeds, and/or financial performance. Commission approval to be processed within 7 working days.</p>
Approval of SECP	Yes	

	Existing	Proposed
<b>Publication of Abridged Prospectus</b>	Yes (Publication in Urdu and English Daily Newspapers)	<ul style="list-style-type: none"> <li>o Publication of Abridged prospectus in electronic mode in digital newspapers.</li> <li>o Placement on website of Issuer and PSX.</li> <li>o Abridged version to only include few details and QR code.</li> </ul>
<b>Regulatory Cost for Issuance and Listing (PSX and CDC)</b>	<p><b>Yes</b></p> <p><b>PSX</b></p> <p><b>Publicly Listed Debt</b></p> <p>i. Initial Listing fee: 0.075% of total issue size subject to maximum of Rs. 3 million.</p> <p>ii. Annual Listing fee: 0.075% of total issue size subject to a minimum of Rs. 0.1 million and maximum of Rs. 1 million.</p> <p><b>Privately Listed Debt:</b></p> <p>i. Initial Listing fee: 0.075% of total issue size subject to maximum of Rs. 1.5 million.</p> <p>ii. Annual Listing fee: 0.075% of total issue size subject to a minimum of Rs. 50,000 and maximum of Rs. 750,000 million.</p> <p><b>CDC:</b></p> <p>i. Fresh Issue fee: 0.04% of the issue size subject to maximum of Rs. 500,000.</p> <p>ii. Annual fee:</p> <p>a. Issue size up to Rs. 50m – Rs. 5,000 p.a.</p> <p>b. Issue size, above Rs. 50m to Rs. 200m – Rs. 7,500 p.a.</p> <p>c. Issue size, above Rs. 200m- Rs. 12,500 p.a.</p>	PSX and CDC fee to be reduced to the maximum extent possible.

## 12. WAY FORWARD:

The Commission aims to facilitate the growth of the Islamic capital market by providing an enabling regulatory environment for listed corporate sukus. It therefore intends to engage the relevant stakeholders to seek their feedback on the proposed regulatory intervention. Comments on this concept paper can be shared by **August 22, 2024** at email [Sukuk.Feedback@secp.gov.pk](mailto:Sukuk.Feedback@secp.gov.pk)

## ANNEXURE – A

### 1. Cover Page:

- i The following statement should appear on the upper most top in bold capital letters: -  
**“ADVICE FOR INVESTORS**  
INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS GIVEN AT PARA --- BEFORE MAKING ANY INVESTMENT DECISION.  
SUBMISSION OF FALSE & FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS’ MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.”
- ii Full name of the Issuer (including previous name, if any) along with logo/monogram, if any, date and place of its incorporation, incorporation number, address of its registered and corporate offices, telephone number, contact person, website address, e-mail address, and in case of listed company the date of listing and name of securities exchange where issuer is listed.
- iii Total issue size, profit rate, tenor, profit payment frequency, type of instrument (Discounted, Fixed rate, Floating rate), type of shariah structure, credit rating, date of subscription, subscription period and other salient features.
- iv Date(s) of public subscription along with timing in bold letters.
- v Name of the market intermediaries involved along with the contact details.
- vi Modes of submitting application and making payment (Physical and Electronic).
- vii QR code and address/website address from where the prospectus, audited financial statements, other information, documents, reports and forms can be accessed.
- viii Date of publication of the prospectus.
- ix Name of the securities exchange where the specified securities are proposed to be listed.

### 2. Inside Cover Page:

- i The following undertaking by the Issuer:  
  
“WE ..... THE CHIEF EXECUTIVE OFFICER AND..... CHIEF FINANCIAL OFFICER .....CERTIFY THAT;  
  
a. THE PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;  
  
b. THE INFORMATION CONTAINED IN THE PROSPECTUS IS TRUE AND CORRECT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF;

- c. THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
- d. THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THE PROSPECTUS AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
- e. ALL REQUIREMENTS OF THE SECURITIES ACT, 2015; THE DISCLOSURES IN PUBLIC OFFERING REGULATIONS, 2017 FOR PREPARATION OF PROSPECTUS, RELATING TO APPROVAL AND DISCLOSURES HAVE BEEN FULFILLED.”
- f. NO CHARGES, FEE, EXPENSES, PAYMENTS ETC. HAVE BEEN COMMITTED TO BE PAID TO ANY PERSON IN RELATION TO THIS PUBLIC OFFERING EXCEPT FOR THOSE AS DISCLOSED IN THIS PROSPECTUS.

**For and on behalf of (... Name of the Issuer ...)**

<p>..... Sd-.....</p> <p><b>Name of the Chief Executive Officer</b></p>	<p>..... Sd-.....</p> <p><b>Name of the Chief Financial Officer</b></p>
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- 3. Glossary of Technical Terms:** All the technical terms and abbreviations used in prospectus must be defined in the glossary.
- 4. Definitions**
- 5. Table of Content**
- 6. Approvals, Consents and Listing on the Securities Exchange**
- 7. Overview of the Issuer**
  - i Background and history of the company including its name, registration number, date of incorporation, date of commencement of business, date of conversion into public limited company, date of listing and name of securities exchange, organizational structure, description of the business including core and others, if any
  - ii Share capital in tabular form along with necessary notes relating to the issued and allocated shares, if any.
  - iii Pattern of shareholding of the issuer in both relative and absolute terms.
  - iv Products and services
  - v Customers and suppliers
  - vi Capacity and capacity utilization
  - vii Material properties

**8. Principal Purpose of the Issue and funding arrangements:**

- i Principal purpose of the issue.
- ii Detailed breakup of utilization of proceeds and implementation timelines, if any.
- iii In case of Shelf Prospectus, number of tranches that Issuer plans to issue under the arrangement, total amount to be raised and proposed utilization.

**9. Additional Information specific to the Instrument and Issue:**

- i Issue size with breakup of pre-IPO placement, if any, preferential allocation, if any, allocation to general public.
- ii Salient features of the issue including its tenor, profit rate, market lot, secured/unsecured, credit rating details, restrictions and covenants, if any; options like conversion option, put options, call option, structure of the instrument; Shariah principle based on which the instrument is structured, details of shariah structure, name, profile and involvement of the intermediaries relating to shariah structure.
- iii Structure adopted for issuance of securities:

<b>Trust Structure</b>
<p><b>Trustee and Security (where trust structure is adopted)</b></p> <ul style="list-style-type: none"> <li>a) Details of security and assets backing the instrument including nature of assets, book value of the assets as per the latest audited accounts; nature of charge established in favour of the Trustee, number and nature of charges on the said assets; names of the creditors having charge on these assets; and aggregate amount and type of such borrowing;</li> <li>b) Name of the Trustee, amount or rate of fee payable to the trustee;</li> <li>c) Event of defaults as mentioned in the Trust Deed;</li> <li>d) Circumstance under which security becomes enforceable;</li> <li>e) Mechanism for enforcement of security including authority by way of special resolution by the security holders; quorum of the meeting; authority for approval of resolution etc.</li> </ul>
<b>Issuance Agreement</b>
<p><b>Investment Agent and Security (where issuance agreement is used):</b></p> <ul style="list-style-type: none"> <li>a) Details of security and assets backing the instrument including nature of assets, book value of the assets as per the latest audited accounts; nature of charge established in favor of the investment agent, number and nature of charges on the said assets; names of the creditors having charge on these assets; and aggregate amount and type of such borrowing;</li> <li>b) Name of the investment agent, amount or rate of fee payable to the investment agent;</li> <li>c) Event of defaults as mentioned in the issuance agreement;</li> <li>d) Circumstance under which security becomes enforceable;</li> <li>e) Mechanism for enforcement of security including authority by way of special resolution by the security holders; quorum of the meeting; authority for approval of resolution etc.</li> </ul>



**10. Risk Factors specific to the Issue, Issuer, Industry in which the Issuer operates and macro risk factors.**

**11. Management and Board of Directors.**

- i. Name of Board of Directors of the Company.
- ii. Statement on compliance with the code of corporate governance

**12. Financial performance/snapshot of the company for the last three years or for a shorter period if three years of commencement of business are not completed. Financial performance to also include latest quarterly and half yearly positions. (Provide website address/QR Code from where latest audited financial statements can be accessed)**

**13. Legal proceedings and overdue loans:**

- i. Legal proceedings: Any outstanding legal proceeding other than the normal course of business involving the issuer, its sponsors, substantial shareholders, directors and associated companies, over which the Issuer has control, that could have material impact on the issuer.
- ii. Overdue loans: Details of overdue amount, if any appearing in the Credit information Bureau (CIB) report of the associated group companies over which the issuer has control.

**16. Expenses to the Issue.**

**17. Application and Allotment instructions for investors.**

**19. Signatories to the Prospectus.**

**20. Application Form**

## ANNEXURE – B

### Minimum Contents to be specified in the Supplement to the Prospectus

1. Reference of the shelf prospectus including date of publication of the shelf prospectus and date of publication of the supplements published earlier, if any;
2. Name of the Issuer; business model, number of securities to be issued under this tranche; funds to be raised, utilization of the proceeds, profit rate; tenor; profit payment frequency, type of instrument (Discounted, Fixed rate, Floating rate), type of shariah structure, credit rating, amount raised through earlier tranches; date of subscription; subscription period; name of intermediaries and other salient features.
3. Application and allotment instructions for investors.
4. QR code and website addresses from where the shelf prospectus, the supplement to the prospectus earlier published, if any, audited accounts, other information, documents, reports and forms can be accessed.
5. Financial performance/snapshot of the company for the last three years or for a shorter period if three years of commencement of business are not completed. Financial performance to also include latest quarterly and half yearly positions.
6. Risk Factors, if any due to change in business model, utilization of the proceeds and/or financial performance of the Company since the publication of shelf prospectus or last supplement to the prospectus.

## ANNEXURE – C

### **Minimum Contents of the Abridged Prospectus**

1. Name of the Company.
2. Salient features of the Issue including issue size, profit rate, credit rating, type of instrument, public subscription dates, name of intermediaries, if any.
3. Contact details of the Issuer and other intermediaries.
4. QR Code and website addresses from where full prospectus, audited financial statements and other information, documents, reports and forms relating to the Issue can be accessed.



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