



PAKISTAN STOCK BROKERS ASSOCIATION

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

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PSBA/Notice-179

October 08, 2024

NOTICE FOR MEMBERS

PROPOSED AMENDMENTS TO (PSX) REGULATIONS IN RELATION TO LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT FOR MERGER, AMALGAMATION, RESTRUCTURING OR RECONSTRUCTION

This is in reference to the notification PSX/N-985 dated October 07, 2024 (attached), whereby the comments have been invited by the PSX:

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **October 11, 2024**, so that a consolidated response is submitted to the authorities for their consideration.

Sd
Akber Ali
Officer - Secretariat

Copy to:

1. PSBA Website

INVITATION OF PUBLIC COMMENTS

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT FOR MERGER, AMALGAMATION, RESTRUCTURING OR RECONSTRUCTION

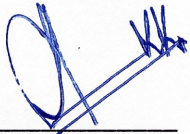
This is to inform all listed companies and other concerned that the PSX, in the exercise of the power conferred upon it u/s 7 of the Securities Act, 2015, is proposing amendments in Chapter 5 [Listing of Companies and Securities Regulations] of PSX Rulebook.

As per the draft amendments, PSX is proposing to introduce certain conditions for compliance by the companies attaining listing at PSX pursuant to approval of Scheme of Arrangement for Merger, Amalgamation, Restructuring or Reconstruction (“**Scheme**”) with an aim to ensure that they are treated at par with companies applying for listing through Initial Public Offering.

Besides the above, PSX is proposing to require that the opening price of the shares of the surviving entity on the first trading day should be publicly disseminated within five (05) working days from dissemination of certified true copy of the Order of the relevant competent authority sanctioning the Scheme but not later than the announcement of the final date of book closure by the listed company. The opening price shall be duly certified by the auditor.

In terms of Section 7(3) of the Securities Act, 2015, all concerned are invited to provide written comments on the proposed amendments in PSX Regulations in relation to this matter which are attached herewith as **Annexure A**.

The comments can be submitted latest by **October 15, 2024** through such modes and in such manner as prescribed in the ‘Guidelines for Submission of Comments’ which are attached as **Exhibit A**.



AJEET KUMAR

Chief Regulatory Officer

Cc:

1. The Executive Director/HOD (PRDD), SMD, SECP
2. The Chief Executive Officer, PSX
3. The Chief Executive Officer, CDC
4. The Chief Executive Officer, NCCPL
5. The Chief Executive Officer, PMEX
6. The Chief Executive Officer, E-Clear
7. The Chief Executive Officer, IFMP
8. The President and Chief Executive Officer, PICG
9. The Secretary General, PSBA

“ANNEXURE A”

PROPOSED AMENDMENTS TO PSX REGULATIONS

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE				
CHAPTER 5: LISTING OF COMPANIES AND SECURITIES REGULATIONS						
<p>NEW INSERTION</p>	<p><u>5.4A. LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT FOR MERGER, AMALGAMATION, RESTRUCTURING OR RECONSTRUCTION:</u></p> <p><u>5.4A.1. This clause shall be applicable to a company attaining listing at the Exchange pursuant to the approval of the scheme of arrangement for merger, amalgamation, restructuring or reconstruction (hereinafter referred to as “Scheme”), sanctioned by the relevant competent authority under the applicable laws.</u></p> <p><u>5.4A.2. The Listed Company, which is entering into the Scheme, shall be required to obtain a No Objection Certification from the Exchange subsequent to the approval of the Board of Directors.</u></p> <p><u>5.4A.3. The surviving entity shall ensure compliance with the following requirements among others:</u></p> <p><u>(a) The minimum paid-up capital shall be as specified in Clause 5.5.1 of these Regulations;</u></p> <p><u>(b) The minimum Free-Float shall be as under:</u></p> <table border="1" data-bbox="776 1654 1227 1894"> <thead> <tr> <th data-bbox="776 1654 963 1724"><u>Paid-Up Capital (PUC)</u></th> <th data-bbox="963 1654 1227 1724"><u>Free-Float Requirement</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="776 1724 963 1894"><u>Up to PKR 2.5 billion</u></td> <td data-bbox="963 1724 1227 1894"><u>At-least 10% of PUC within one year from the date of listing and increase to 25%</u></td> </tr> </tbody> </table>	<u>Paid-Up Capital (PUC)</u>	<u>Free-Float Requirement</u>	<u>Up to PKR 2.5 billion</u>	<u>At-least 10% of PUC within one year from the date of listing and increase to 25%</u>	<p>Presently, a company that attains listing through a scheme of arrangement for merger, amalgamation, restructuring or reconstruction may be deficient in ensuring full compliance with the listing requirements of PSX Regulations. In order to ensure that these companies are treated at par with companies applying for listing through initial public offering, certain conditions are proposed to be inserted for compliance by the surviving entity.</p>
<u>Paid-Up Capital (PUC)</u>	<u>Free-Float Requirement</u>					
<u>Up to PKR 2.5 billion</u>	<u>At-least 10% of PUC within one year from the date of listing and increase to 25%</u>					

EXISTING REGULATIONS	PROPOSED AMENDMENTS		RATIONALE
		<u>subsequently within next 3 years.</u>	
	<u>Above PKR 2.5 billion and up to PKR 5 billion</u>	<u>At-least 10% of PUC within one year from the date of listing and increase to 15% subsequently within next 3 years.</u>	
	<u>Above PKR 5 billion and up to PKR 10 billion</u>	<u>At-least 10% of PUC within one year from the date of listing.</u>	
	<u>Above PKR 10 billion</u>	<u>At-least 5% of PUC within one year from the date of listing.</u>	
	<p>(c) <u>The promoters/ sponsors/ directors are not also promoters/ sponsors/ directors in other Listed Company, which is in Non-Compliant Segment or Winding-Up Segment;</u></p> <p>(d) <u>The surviving entity is not an associated company of any other Listed Company (over which the Company has control), which is placed in the Non-Compliant Segment or Winding-Up Segment. However, this will not apply to nominee or independent directors of the Government and Financial Institutions;</u></p> <p>(e) <u>Its Chief Executive Officer has not served in the past three years or is not serving as Chief Executive Officer of a Listed Company which is placed in the Non-Compliant Segment or Winding-Up Segment during his tenure;</u></p> <p>(f) <u>The surviving entity, its sponsors, promoters, substantial shareholders and directors have no over dues or defaults,</u></p>		

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
	<p><u>irrespective of the amount, appearing in the report obtained from the Credit Information Bureau. This will not apply to the directors nominated by the Federal Government or any Provincial Government and the Financial Institutions;</u></p> <p><u>(g) Provide an undertaking to the Exchange on non-judicial stamp paper confirming that it shall fulfill the conditions specified in this clause; and</u></p> <p><u>(h) Comply with any other requirements as may be prescribed by the Commission or the Exchange.</u></p> <p><u>5.4A.4. If the surviving entity attains listing by entering into the Scheme without the No Objection Certificate as required under Clause 5.4A.2 above or without complying with any requirement as prescribed in Clause 5.4A.3 above, the Exchange shall place such company in the Non-Compliant Segment under Clause 5.11.1 (i) of these Regulations and may initiate any other actions including suspension of trading in its shares.</u></p> <p><u>5.4A.5. The opening price of the shares of the surviving entity, duly certified by the auditor, on the first trading day shall be disseminated within five (05) working days from the dissemination of certified true copy of the Order of the relevant competent authority sanctioning the Scheme but not later than the announcement of the final date of book closure by the Listed Company.</u></p>	<p>To ensure compliance with the prescribed conditions, it is proposed to allow listing on the Non-Compliant Segment in case of any deficiency is observed.</p> <p>For enhanced transparency and to enable the investors to take an informed and timely decision.</p>

End of Proposed Amendments